

UNITED STATES OF AMERICA

SENATE HEARING

TRANSPORTATION SUBCOMMITTEE ON  
CONSUMER PROTECTION AND PRODUCT  
SAFETY

GM Ignition Switch Recall

April 2, 2014

Transcript prepared from the videotape  
recording of the hearing occurring on April 2,  
2014, of the Transportation Subcommittee on  
Consumer Protection and Product Safety,  
prepared by Christine M. Vitosh, C.S.R.

1 PRESENT:

2 SEN. CLAIRE McCASKILL, Missouri,

3 Chairman

4 SEN. DEAN HELLER, Nevada, Ranking Member

5 SEN. BARBARA BOXER, California

6 SEN. AMY KLOBUCHAR, Minnesota

7 SEN. RICHARD BLUMENTHAL, Connecticut

8 SEN. KELLY AYOTTE, New Hampshire

9 SEN. DAN COATS, Indiana

10 SEN. MARCO RUBIO, Florida

11 SEN. BILL NELSON, Florida

12 SEN. EDWARD J. MARKEY, Massachusetts

13 SEN. RON JOHNSON, Wisconsin

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1 I N D E X

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3 WITNESS: PAGE

4 MS. MARY BARRA, 16

CEO, General Motors Corporation;

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6 MR. DAVID FRIEDMAN, 135

Acting Administrator of NHTSA

7 and

8 MR. CALVIN SCOVEL, 142

9 Inspector General, United States

Department of Transportation

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1                   CHAIRMAN McCASKILL: This subcommittee  
2 will come to order.

3                   It was a rainy night in Los  
4 Angeles. Brooke Melton, who was 29 years old  
5 and a pediatric nurse, was driving in her 2005  
6 Chevrolet Cobalt to meet her boyfriend for her  
7 birthday dinner outside of Atlanta.

8                   As she was driving on the  
9 highway, her car suddenly lost power, unable to  
10 control the vehicle, it hydroplaned, crossed  
11 the center line, and slammed into another  
12 vehicle at 58 miles per hour. Her car ended up  
13 in a creek. The airbag never deployed.

14                  Ken and Beth Melton, her parents,  
15 rushed to the hospital, but she was dead when  
16 they arrived.

17                  In their nightmare of grief, they  
18 hired a lawyer, a trial lawyer. They asked him  
19 to help them understand what had happened and,  
20 if possible, hold whoever was responsible  
21 accountable, and he went to work, spending his  
22 own resources to get to the bottom of what

1 happened to Brooke on that rainy night in  
2 Georgia when she was on her way to celebrate  
3 her birthday.

4                   He hired an engineer to help him.  
5 Together Mr. Cooper, the lawyer, and Mr. Hood,  
6 an engineer, began to identify a defect that  
7 someone at General Motors had discovered years  
8 before.

9                   There was a problem with the  
10 ignition switch in Chevy Cobalts; it could be  
11 easily bumped or brushed or pulled from on to  
12 accessory or off powering down the car,  
13 disabling the power steering, disabling the  
14 power brakes, and preventing the airbags from  
15 deploying.

16                  After two years of fighting  
17 General Motors for documents and a timeline of  
18 events and a deposition in April of last year,  
19 Mr. Cooper finally confronted General Motors  
20 with the facts.

21                  Someone at General Motors had  
22 switched out the unsafe ignition switches in

1 several car models and covered it up by using  
2 the same part number for the -- for the same  
3 switch, for the new switch. Had covered it up  
4 by using the same part number for the new  
5 switch.

6                         The simple work of the engineer  
7 hired by the trial lawyer representing the  
8 Meltons had discovered the defective part and  
9 its replacement with the same number, and when  
10 Mr. Cooper confronted General Motors, Mr. Ray  
11 DiGiorgio, their lead switch engineer with the  
12 evidence of the part switch, he lied. He said  
13 he didn't know anything about it.

14                         Documents, General Motors  
15 commodity validation sign-off, signed in April  
16 of 2006 bear the signature of, in fact, Ray  
17 DiGiorgio, spelling out in the document, also  
18 new detent plunger has -- was implemented to  
19 increase torque force in the switch with the  
20 box checked "Re: Submission during engineering  
21 changes".

22                         Further, it is now clear that GM

1 knew of the faulty switch in 2004, knew the  
2 airbags were not deploying in 2005, and in late  
3 2005 knew someone had died.

4 We don't know how many people  
5 crashed because of this cover-up. We do know  
6 that many died, including Miss Melton.

7 And at least one of my  
8 constituents, a Missouri woman, who died in a  
9 crash in 2009 in the suburbs surrounding  
10 St. Louis.

11 So there was great work done by a  
12 trial lawyer and an engineer he hired in  
13 exposing a serious safety issue with a product,  
14 work that should have first been done by GM.

15 And, secondly, by federal  
16 regulators.

17 And then there is the federal  
18 regulators' failure to spot a trend, even  
19 though the TREAD Act was specifically to give  
20 this regulatory agency the information it  
21 needed to catch exactly this type of problem.

22 In a culture of cover-up that

1 allowed an engineer at General Motors to lie  
2 under oath, repeatedly lie under oath, it might  
3 have been the old GM that started sweeping this  
4 defect under the rug ten years ago, but even  
5 under the new GM, they entered the company,  
6 waited nine months to take action after being  
7 confronted with specific evidence of this  
8 egregious violation of public trust.

9                   Thousands of my constituents in  
10 St. Louis and Kansas City areas go to work for  
11 General Motors every day building some of the  
12 finest cars on the road. I am proud of them  
13 and I am proud of their work. This is not  
14 their failure.

15                   They, and the American public,  
16 were failed by a corporate culture that chose  
17 to conceal rather than disclose and by a safety  
18 regulator that failed to act.

19                   With this hearing I intend to  
20 identify potential problems in our auto safety  
21 system and work with Chairman Rockefeller,  
22 Ranking Members Thune and Heller, and the other

1 members of this committee to rectify these  
2 problems so that this tragedy hopefully is  
3 never repeated again.

4 It's time that we finally get  
5 this right so that it didn't take an  
6 enterprising trial lawyer and an engineer to  
7 bring -- that he hired to bring to light what  
8 NHTSA should have known long ago and what  
9 General Motors should have fixed long before  
10 Ken and Beth Melton lost their daughter Brooke.

11 Our job today is to learn as much  
12 as possible about the failures of General  
13 Motors and the regulators to keep unsuspecting  
14 daughters, fathers, wives and sons safe.

15 Senator Heller.

16 SENATOR HELLER: Thank you, Chairman  
17 McCaskill. Thanks you for holding this  
18 hearing, and thank you, Ms. Barra, for  
19 appearing in front us today.

20 I want to begin by offering my  
21 deepest sympathies to the family and friends of  
22 those have been affected by these tragedies.

1                   I also want you to know that we  
2 will get to the bottom of why it took so long  
3 to get these vehicles off the record.

4                   As many of you know, General  
5 Motors has issued a recall of over 2.2 million  
6 vehicles due to problems with the ignition  
7 switch that GM has admitted to knowing about in  
8 some form as early as 2001.

9                   These faulty ignition switches  
10 are linked to 13 deaths. GM has now recalled  
11 certain years of Chevrolet Cobalts, Pontiac  
12 G5's, Saturn Ions, the Chevrolet HHR, and the  
13 Pontiac Solstice and the Saturn Sky.

14                  Last Friday it was reported that  
15 sometime in 2006 or as late as 2007 General  
16 Motors changed the ignition switch part.

17                  A whole new part was manufactured  
18 and sold, but GM kept the same part number for  
19 that new part.

20                  Now, in my hometown in Carson  
21 City, we have an engineering company that  
22 builds pistons and rods for Nascar teams. I

1 have talked with him, talked with owners,  
2 talked with other builders in Nevada, and I can  
3 tell you this: If a company sold a part that  
4 was changed in any way and did not change the  
5 model number or the serial number on that part,  
6 it would cause significant problems for these  
7 businesses, these individuals, and of course  
8 the racing teams themselves.

9                   Ms. Barra, you know that I have  
10 raced cars for years. I have used GM testing  
11 facilities on some of the cars that I have  
12 raced.

13                   I have blown engines, broke  
14 transmissions, broke rear ends, lost my brakes,  
15 throttle stuck, and my ignition quit on me, and  
16 I tell you this, because we break those engines  
17 down, those transmissions, those rear ends, to  
18 find out exactly what the integrity of those  
19 parts are and how they broke, why they broke,  
20 and the difference, of course, then is winning  
21 or losing.

22                   I can tell you based on my

1 experience: It is incredibly unusual for a car  
2 company to change a car part and not change the  
3 part number.

4 Government investigators have now  
5 requested that GM provide any documents  
6 chronicling the switch change and who within  
7 the company provided it.

8 I am also requesting today that  
9 GM provide this committee with that same  
10 information.

11 But that's only part of this  
12 issue. We also need to recognize that when GM  
13 emerged from bankruptcy in 2009, the federal  
14 government owned 60 percent of the company  
15 because taxpayer -- taxpayers bailed the  
16 company out, so GM knew of this issue in some  
17 capacity over ten years ago.

18 They changed the part, but didn't  
19 tell anyone. They asked for a taxpayer  
20 bail-out, and the current administration had to  
21 step in and restructure the company.

22 Through all of this, GM was

1 unable to determine that they should pull 2.2  
2 million vehicles off the road.

3 This is why, from where I'm  
4 sitting, GM has a lot of explaining to do both  
5 to this committee and to the taxpayers.

6 Here's the issue for GM: It  
7 looks like there are multiple moments when the  
8 company faced conflicts of interest, and you  
9 said it yourself yesterday, Ms. Barra, GM has a  
10 culture based on cost, not safety.

11 So many people are wondering if  
12 GM did not initiate a recall because GM could  
13 not survive one in 2006, or they did not  
14 initiate a recall because the government owned  
15 60 percent of the company.

16 It is possible that GM has an  
17 explanation for why it took so long to pull  
18 these cars off the road.

19 However, after yesterday's  
20 hearing, I'm afraid we're not going to get too  
21 many answers today.

22 I hope GM is in a position to

1 speak to what happened more specifically, that  
2 is why we called you here, and I think GM  
3 should take the opportunity today to explain  
4 their actions and help this committee get to  
5 the bottom of what happened.

6 There is also another side of  
7 this story, and this is whether the National  
8 Highway Traffic and Safety Administration  
9 received all the information from early warning  
10 reports that it needed to determine if further  
11 investigations were warranted.

12 NHTSA received 260 complaints  
13 over 11 (inaudible) -- that these vehicles were  
14 turning off while being driven, yet NHTSA did  
15 not move forward with a recall investigation in  
16 2007 or 2010.

17 I wrote to NHTSA asking very  
18 simple questions regarding their process in  
19 recalling vehicles and what they saw in 2007 or  
20 2010 that compelled them to pass on any  
21 investigation.

22 I am very disappointed in NHTSA's

1 ability to respond to my letter in time for  
2 this hearing.

3 When we're looking at incidents  
4 in which individuals died, I expect more from  
5 NHTSA and what they showed today, and I think  
6 NHTSA knows that they can do better, and they  
7 better do better.

8 That being said, it's my  
9 understanding that the Secretary of  
10 Transportation has requested an internal  
11 investigation to conduct an audit of NHTSA's  
12 handling of the GM recall.

13 Secretary Fox also stated that he  
14 is directing NHTSA and the department's general  
15 counsel to jointly conduct a due diligence  
16 review, and I am pleased by both of these  
17 developments and look forward to the reports.

18 We need ensure that consumers are  
19 safe on the road. We need to understand the  
20 facts of this recall.

21 There are many questions that  
22 need answering, and I hope that today's hearing

1 begins to provide some answers to the U.S.  
2 taxpayers and to what they deserve.

3 So thank you, Chairman McCaskill.

4 CHAIRMAN McCASKILL: Thank you,  
5 Senator Heller.

6 Ms. Barra, welcome. We respect  
7 and appreciate your presence here today, and we  
8 welcome your testimony.

9 (Inaudible.)

10 MARY BARRA,  
11 called as a witness herein, testified before  
12 the Subcommittee as follows:

13 MS. BARRA: Is it on now?

14 UNIDENTIFIED SPEAKER: It is.

15 MS. BARRA: Okay. Sorry about that.

16 Thank you very much.

17 My name is Mary Barra, and I am  
18 the Chief Executive Officer of General Motors.  
19 I appreciate the opportunity to be here today.

20 More than a decade ago GM  
21 embarked on a small car program, and sitting  
22 here today, I cannot tell you why it took years

1 for a safety defect to be announced in that  
2 program, but I can tell you we will find out.

3                   This is an extraordinary  
4 situation; it involves vehicles we no longer  
5 make, but it came to light on my watch, so it  
6 is my responsibility to resolve it.

7                   When we have answers, we will be  
8 fully transparent with you, with our regulators  
9 and with our customers.

10                  While I can't turn back the  
11 clock, as soon as I learned about the problem,  
12 we acted without hesitation. We told the world  
13 we had a problem that needed to be fixed. We  
14 did so because whatever mistakes were made in  
15 the past, we will not shirk from our  
16 responsibilities now and in the future.

17 Today's GM will do the right thing.

18                  This begins with my sincere  
19 apologies to everyone who has been affected by  
20 this recall, especially to the families and  
21 friends of those who lost lives or were  
22 injured. I am deeply sorry and the men and

1 women of General Motors are deeply sorry.

2 I've asked former U.S. Attorney  
3 Anton Valukas to conduct an thorough and  
4 unimpeded investigation of the actions of  
5 General Motors, and I have received updates  
6 from him and he tells me his work is well  
7 along.

8 He has the free rein to go where  
9 the facts take him, regardless of outcome. The  
10 facts will be the facts.

11 Once they are in, my leadership  
12 team and I will do what's necessary to assure  
13 this doesn't happen again. We will hold  
14 ourselves accountable.

15 However, I want to stress we are  
16 not waiting for his results to make changes.

17 I've named a new vice president  
18 of Global Vehicle Safety, which is a first for  
19 General Motors. Jeff Boyer's top priority is  
20 to quickly identify and resolve any and all  
21 product safety issues.

22 He is not taking on this task

1 alone; I stand with him, my senior management  
2 team stands with him, and we will welcome input  
3 from outside GM, from you, from NHTSA, from our  
4 customers, our dealers, and our current and  
5 former employees.

6 I have asked everyone on our team  
7 to keep stressing the system at GM and work  
8 with one thing in mind:

9 Our customers and their safety  
10 are at the center of everything we do.

11 Our customers who have been  
12 affected by this recall are getting our full  
13 and undivided attention.

14 We have empowered our dealers to  
15 take extraordinary measures to treat each case  
16 specifically.

17 If people do not want to drive a  
18 recalled vehicle before it is repaired, dealers  
19 can provide a loaner or a rental  
20 free-of-charge. To date we have provided nearly  
21 13,000 loaner vehicles.

22 Our supplier is manufacturing new

1 replacement parts for the vehicles that are no  
2 longer in production. We've commissioned two  
3 lines and asked for a third, and those parts  
4 will start being delivered to dealers next  
5 week. These measures are only the first in  
6 making things right and rebuilding the trust of  
7 our customers.

8 I would like this committee to  
9 know that all of our GM employees and I are  
10 determined to set a new standard.

11 I am encouraged to say that  
12 everyone at GM, up to and including our board  
13 of directors, supports this.

14 As a second generation General  
15 Motors employee, I am here as the CEO, but I'm  
16 also here representing the men and women who  
17 are part of today's GM, and I can tell you that  
18 they are dedicated to putting the highest  
19 quality and safest vehicles on the road.

20 In addition, I announced  
21 yesterday that we have retained Kenneth  
22 Feinberg as a consultant to help us evaluate

1 the situation and recommend the best path  
2 forward.

3 I am sure this committee knows  
4 Mr. Feinberg is highly qualified and is very  
5 experienced in the handling of matters such as  
6 this, having led the compensation efforts  
7 involved in 911, the BP oil spill, and the  
8 Boston marathon bombing. Mr. Feinberg brings  
9 expertise and objectivity to this effort.

10 As I have said, I consider this  
11 to be an extraordinary event, and we are  
12 responding to it in an extraordinary way.

13 As I see it, GM has both civic  
14 responsibilities and legal responsibilities and  
15 we are thinking through exactly what those  
16 responsibilities are and how to balance them  
17 appropriately. Bringing Mr. Feinberg on is the  
18 first step.

19 I would now be happy to answer  
20 your questions. Thank you.

21 CHAIRMAN McCASKILL: Thank you,  
22 Ms. Barra.

1 I want to briefly go through your  
2 resume.

3 Beginning in 2004 when this  
4 defect was discovered by someone at GM, you  
5 were Executive Director of Manufacturing  
6 Engineering from 2004 and 2005.

7 In 2005 to 2008 you were  
8 Executive Director of Vehicle Manufacturing  
9 Engineering.

10 From February 1st, 2008 to July,  
11 2009, you were Vice President of Global  
12 Manufacturing and Engineering.

13 From July 30th, 2009 to  
14 February 1st of 2011, you were Vice President  
15 of Global Human Resources.

16 From February 1st, 2011 to  
17 August, 2013 you were Senior Vice President of  
18 Global Product Development.

19 And from 2000 -- August of 2013  
20 to January 15th of 2014 you were Executive Vice  
21 President of Global Product Development.

22 Is that a correct --

1 MS. BARRA: Yes.

2 CHAIRMAN McCASKILL: -- rendition of  
3 your resume over the last decade?

4 MS. BARRA: Yes.

5 CHAIRMAN McCASKILL: In April and May  
6 of last year, GM's employees were deposed in  
7 the lawsuit trying to get some kind of justice  
8 for Brooke Melton.

9 They were confronted in the  
10 deposition with the fact that there were two  
11 different parts with the same part number and a  
12 different torque on both of those parts leading  
13 to the malfunction of the ignition switch.

14 At that deposition General Motors  
15 had a lawyer, and it was very clear at that  
16 deposition that there were two parts with the  
17 same number, and they had been switched out and  
18 that one of them was defective.

19 When that lawyer for General  
20 Motors left that hearing, who did he report to?

21 MS. BARRA: I don't know which lawyer  
22 was at that trial, so I can't answer that

1 question.

2 CHAIRMAN McCASKILL: Hold on, and I  
3 will get it for you.

4 You have some lawyers here with  
5 you today, don't you? Don't you have your  
6 general counsel with you?

7 MS. BARRA: Yes, I do.

8 CHAIRMAN McCASKILL: You're free to  
9 confer with him if he would like to tell you  
10 who that gentleman would report to after that  
11 deposition.

12 MS. BARRA: Again, we are doing a full  
13 investigation with Mr. Valukas and all of the  
14 individuals that are associated with this  
15 incident will be a part of that and the  
16 findings will be conclusive.

17 CHAIRMAN McCASKILL: It was Mr. Philip  
18 Holladay, appearing on behalf of General Motors  
19 from the King & Spalding law firm in Atlanta,  
20 Georgia.

21 MS. BARRA: Okay. So he didn't report  
22 to General Motors then, he was part of

1 King & Spalding.

2 CHAIRMAN McCASKILL: Well, but he  
3 would have reported to his client. He was  
4 there representing you. He was your --

5 MS. BARRA: Yes.

6 CHAIRMAN McCASKILL: -- agent at that  
7 deposition.

8 MS. BARRA: Yes.

9 CHAIRMAN McCASKILL: So he would  
10 have -- I guarantee you, if I am a lawyer and I  
11 am at a deposition where this bombshell has  
12 been dropped on my client, that there are two  
13 identical -- two different parts with the same  
14 number, one of which is defective, I guarantee  
15 you I don't go back and tell the folks at the  
16 law firm, I am on my cell phone in the lobby  
17 saying to General Motors: "We've got a  
18 problem."

19 I need to know who would  
20 typically be -- Would it be the general  
21 counsel's office that the lawyers that you hire  
22 would report to you on litigation?

1 MS. BARRA: It would have been part of  
2 the senior legal team.

3 CHAIRMAN McCASKILL: Okay. It would  
4 be very important for us to identify who that  
5 lawyer reported to after that deposition.

6 MS. BARRA: I will -- that will be  
7 part of Mr. Valukas' investigation.

8 CHAIRMAN McCASKILL: Now, I am  
9 assuming that when that happens there is an  
10 investigation internally.

11 MS. BARRA: When -- One of the  
12 findings that we've had from Mr. Valukas  
13 already as he has done his study is that within  
14 General Motors, there were silos, and as  
15 information was known in one part of the  
16 business, for instance, the legal team, it  
17 didn't necessarily get communicated as  
18 effectively as it should have been to other  
19 parts, for instance, the engineering team.

20 That's something that I've  
21 already corrected today.

22 CHAIRMAN McCASKILL: Ms. Barra, I'm

1 not asking whether or not the lawyers called  
2 the engineers, I'm asking whether or not  
3 lawyers in a multi-million dollar lawsuit where  
4 there has been evidence of a defective switch  
5 and replacement that had never been identified  
6 to the public being presented to the lawyers  
7 for your company not reporting that up to the  
8 executive level of your company.

9                   Those lawyers work for the  
10 executive level, they don't work for the  
11 engineers. They are hired by your senior  
12 counsel. That's who hires those lawyers, his  
13 office, correct?

14                  MS. BARRA: Yes.

15                  CHAIRMAN McCASKILL: Okay. So what I  
16 want to know is what investigation began after  
17 that deposition?

18                  MS. BARRA: That is part of the  
19 investigation that we're doing.

20                  CHAIRMAN McCASKILL: So you don't know  
21 whether or not anything happened after that  
22 investigation?

1                   MS. BARRA: I don't have the complete  
2 facts to share with you today.

3                   CHAIRMAN McCASKILL: Okay. Well, that  
4 is incredibly frustrating to me that you  
5 wouldn't have a simple timeline of what  
6 happened once you got that knowledge.

7                   So it went on for nine months.

8 You have no idea, even though you were in  
9 executive level of leadership in the company at  
10 that time, it was never discussed anywhere in  
11 your presence --

12                  MS. BARRA: Correct.

13                  CHAIRMAN McCASKILL: -- for nine  
14 months even though this had occurred?

15                  MS. BARRA: I became aware of the  
16 defect and the recall on January 31st.

17                  CHAIRMAN McCASKILL: Okay. So let me  
18 do quickly that.

19                  On February 7th you issued the  
20 first recall.

21                  12 days later Mr. Cooper, the  
22 trial lawyer, wrote to NHTSA pointing out that

1 in addition to the recall you had done, it was  
2 not complete. He pointed out there were four  
3 other models that had the defective ignition.

4 Six days later you, in fact,  
5 recalled those vehicles.

6 On Monday of last week Mr. Cooper  
7 filed a court pleading in California alleging  
8 there were additional cars that should have  
9 been recalled and had not been recalled because  
10 they had defective switches placed in them  
11 during repairs.

12 Last Friday, four days later  
13 after that pleading, GM finally issued the  
14 third round of recalls.

15 Is this the new GM, Ms. Barra?  
16 Is this the new GM that takes a lawyer having  
17 to write NHTSA and a court pleading in court  
18 for you to finally recall all the cars that had  
19 been impacted by this defective switch?

20 MS. BARRA: As we looked at first  
21 population of vehicles, we immediately go and  
22 then read across to the other vehicles that may

1 have the same part.

2                   Often when you have same part in  
3 another vehicle it can be a different  
4 configuration, a different geometry.

5                   As we looked into that  
6 population, we then recalled that population,  
7 and then we immediately started to look of  
8 where were the spare parts.

9                   From a General Motors perspective  
10 for GM dealers we could go to dealer records  
11 and understand where the dealer put a spare  
12 part into a vehicle.

13                  We knew the VIN, but then as we  
14 worked with our supplier we learned that they  
15 have sold these parts to other third-party  
16 repairs where there were no records kept.

17                  When we learned that, we  
18 immediately went out and recalled the entire  
19 population of all of these vehicles because we  
20 couldn't be certain if there was a vehicle that  
21 had a part put in that we couldn't track.

22                  CHAIRMAN McCASKILL: And I think it's

1 great you have done that, it just is worrisome  
2 to me that it took three shots after nine  
3 months.

4 Senator Heller.

5 SENATOR HELLER: Thank you.

6 Ms. Barra, the public is very  
7 skeptical of General Motors, and let me explain  
8 to you what they are seeing.

9 At some point last decade GM knew  
10 there was a problem with the faulty ignition  
11 switch which led to the death of 13 people.

12 In late 2006 or early 2007 GM  
13 replaced the ignition part, but kept the same  
14 part number and did not tell anyone.

15 Shortly thereafter, GM needed  
16 U.S. taxpayers' loan to bail them out. The  
17 company was provided so much assistance that  
18 when they emerged from bankruptcy, the federal  
19 government in 2009 owned 60 percent of the  
20 company.

21 So from where I sit, it looks  
22 like GM is not forthcoming with the American

1 people who bailed them out.

2 It looks like there were multiple  
3 moments where the company had conflicts of  
4 interest either with initiating a recall at a  
5 time when GM was not financially sound or when  
6 the government owned 60 percent of the company.

7 So what I'm going to do is allow  
8 you to explain yourself to the American people,  
9 and I think we need to know whether you believe  
10 the company acted in the best interests of the  
11 consumer who bought your car and the U.S.  
12 taxpayers who bailed you out.

13 MS. BARRA: First of all, I agree, it  
14 took way too long for this to come to the  
15 attention and to do the recall, and we have  
16 admitted that.

17 We have also apologized, it is  
18 tragic that there has been lives lost and lives  
19 impacted with this event.

20 From the part number perspective,  
21 I find it completely unacceptable that a part  
22 would be changed without a part number -- the

1 actual identifier being changed, that is not a  
2 process of good engineering, that is not an  
3 acceptable process; it wasn't then and it  
4 clearly isn't now.

5                   And as we do our investigation,  
6 we will deal with that situation because that  
7 is not acceptable for good engineering  
8 principles.

9                   But as I look at the culture of  
10 the company during the timeframe this part was  
11 designed in the late 90's, it went into  
12 vehicles that went into production in '03, the  
13 latest of which went out of production in the  
14 '11 timeframe.

15                  The culture of the company at  
16 that time had more of a cost culture focus, and  
17 I can tell you we have done several things  
18 since the bankruptcy to create a new culture at  
19 General Motors to be focused on the customer,  
20 starting with rewriting our values.

21                  The first value is the customer  
22 is our compass.

1                   The second is relationships  
2 matters, and individual excellence.

3                   We have also taken quite a bit of  
4 bureaucracy out of the vehicle development  
5 process and the structure itself.

6                   We have dramatically improved our  
7 quality organization and our customer  
8 experience organization.

9                   So there has been dramatic  
10 improvements made in General Motors since that  
11 time.

12                  SENATOR HELLER: Ms. Barra, I've  
13 heard -- I read the transcripts from  
14 yesterday's hearing and you said most of this  
15 when you were on the other side of the capital.

16                  You said safety comes first at  
17 GM, that you don't look at cost.

18                  GM looks at the speed at which it  
19 can fix it, and you said that there was a  
20 change, that GM has gone from a cost culture to  
21 a safety culture.

22                  I want you to explain that, and

1 in explaining that, does that mean in 2006  
2 General Motors was more concerned with the  
3 bottom line as opposed to recalling their  
4 vehicles?

5 MS. BARRA: When we look at -- when  
6 the complete investigation is done, there was  
7 documents that were produced yesterday that if  
8 those are in complete context that they valued  
9 cost over quality, once we knew there was a  
10 safety defect, that is unacceptable.

11 In today's culture we don't  
12 condone that, and it starts with leadership,  
13 myself, our leadership and product development  
14 across the company.

15 If there is a safety defect,  
16 there is not a calculation done on business  
17 case or cost; it's how quickly can we get the  
18 repair and put the right part or fix or  
19 inspection, whatever needs to be done to make  
20 sure the vehicles are safe that our customers  
21 are driving.

22 SENATOR HELLER: So let me ask you

1 again, if safety was not the highest priority  
2 in the past, is it fair to assume that GM only  
3 acts in the best interests of GM at all times?  
4 Was that true in 2006?

5 MS. BARRA: Again, that's a very broad  
6 statement. I would say that there has been  
7 times in the past where there has been a safety  
8 focus, General Motors is a hundred-year-old  
9 company, but I can tell you now from  
10 post-bankruptcy there is a focus on the  
11 customer and on safety and on quality.

12 SENATOR HELLER: I have more  
13 questions, but I'll wait.

14 CHAIRMAN McCASKILL: We will have  
15 another round of questions for Ms. Barra.

16 Senator Boxer.

17 SENATOR BOXER: Thank you, Ms. Barra.

18 I have here a timeline of when  
19 the company knew there were problems.

20 It starts in '01.

21 In '03 a service technician of GM  
22 noted that there was a stall while driving, and

1 it goes on.

2                   And there is a constant theme  
3 here of the thing is getting worse and worse  
4 through the years.

5                   Now, you're new at your job, but  
6 you've been at GM for how many years?

7                   MS. BARRA: 33.

8                   SENATOR BOXER: 33 years. So when  
9 this was first discovered, you were Executive  
10 Director of Competitive Operations Engineering  
11 where you developed and executed strategies to  
12 improve the effectiveness of vehicle  
13 manufacturing and engineering, but you didn't  
14 know of this?

15                  MS. BARRA: Correct.

16                  SENATOR BOXER: Nobody told you about  
17 this?

18                  MS. BARRA: Correct.

19                  SENATOR BOXER: And then you were  
20 plant manager of Detroit Hamtramck assembly in  
21 '03 to '04 where were you responsible for  
22 day-to-day plant activities related to safety,

1 people and quality, and still you knew nothing  
2 about this?

3 MS. BARRA: We didn't build any of  
4 these models at the Detroit Hamtramck plant.

5 SENATOR BOXER: In that position you  
6 knew nothing about that, correct?

7 MS. BARRA: Correct.

8 SENATOR BOXER: Okay. And then in '04  
9 to '05 you were Executive Director of  
10 Manufacturing Engineering responsible for  
11 developing and implementing global bills of  
12 process and equipment to optimize capital  
13 deployment and manufacturing operating costs,  
14 and you developed and continuously improved  
15 lean cost initiatives.

16 You knew nothing about this when  
17 you were Executive Director of Manufacturing  
18 and Engineering?

19 MS. BARRA: Correct.

20 SENATOR BOXER: You knew nothing.

21 How about when you were Vice  
22 President of Global Manufacturing Engineering,

1       '08 to '09, you knew nothing?

2                  MS. BARRA: Correct.

3                  SENATOR BOXER: You still knew nothing  
4 when you were Vice President of Global Human  
5 Resources?

6                  MS. BARRA: Correct.

7                  SENATOR BOXER: You're a really  
8 important person to this company. Something is  
9 very strange that such a top employee would  
10 know nothing.

11                 Now, have you seen photos of your  
12 cars that have had that ignition problem and  
13 that problem led to deaths?

14                 Have you seen photos of those  
15 cars, what they look like?

16                 MS. BARRA: Yes.

17                 SENATOR BOXER: I have another one for  
18 you to look at. The people are here.

19                 Mary Theresa Ruddy of Scranton,  
20 Pennsylvania, died at the age of 21. She was a  
21 senior at Marywood University. Her parents are  
22 here, her family.

1                   And I guess it's -- it's somewhat  
2 shocking after the Pinto -- and that goes back  
3 to when I was first an elected official -- I  
4 was shocked that there was such a cold and  
5 calculating way that Ford decided not to fix a  
6 fatal flaw in their fuel tank, and we learned  
7 through lawyers, as our chairman has pointed  
8 out, they made a very -- through discovery they  
9 found out there was a very careful cost benefit  
10 analysis and Ford decided it was cheaper for  
11 them to pay off the families of the dead than  
12 to fix the problem that would have cost them  
13 \$11 a car.

14                   Did you make that kind of  
15 calculation over at GM in this situation?

16                   MS. BARRA: I did not.

17                   SENATOR BOXER: Do you know of anybody  
18 who did make it?

19                   MS. BARRA: That is the purpose of the  
20 investigation that --

21                   SENATOR BOXER: But you don't know  
22 now?

1 MS. BARRA: Correct.

2 SENATOR BOXER: You haven't asked and  
3 you don't know?

4 MS. BARRA: I have asked for an  
5 investigation.

6 SENATOR BOXER: Do you know if GM ever  
7 used this kind of cost benefit analysis in its  
8 history?

9 MS. BARRA: There were documents  
10 shared with me yesterday, that if they're true,  
11 as we go through the complete timeline, will  
12 demonstrate that it's completely  
13 unacceptable --

14 SENATOR BOXER: Well, I didn't ask you  
15 that. I said: Do you know if GM ever used  
16 this kind of cost benefit analysis in its  
17 history. Do you know?

18 MS. BARRA: If it was used for -- Not  
19 for a safety item. It would be unacceptable.

20 SENATOR BOXER: It's okay to do it for  
21 a safety item, is that what you're saying?

22 MS. BARRA: I said the opposite of

1 that.

2 SENATOR BOXER: Well, you didn't.

3 MS. BARRA: Well --

4 SENATOR BOXER: So what about in 1973  
5 when GM engineer Edward Ivy concluded it was  
6 not cost effective for GM to spend more than  
7 \$2.20 per vehicle to prevent a fire death?

8 Do you know about that?

9 MS. BARRA: I've heard of that.

10 SENATOR BOXER: You have heard of it?

11 MS. BARRA: Uh-huh.

12 SENATOR BOXER: You haven't looked at  
13 it, looked into it?

14 MS. BARRA: General Motors today finds  
15 any time there is an incident is --

16 SENATOR BOXER: Well, you know, today  
17 and today. Yesterday I did some things that I  
18 am accountable for.

19 It's not about -- You have been  
20 involved in this since you became CEO.

21 Have you not looked into this?

22 Look. Mr. Ivy's study placed the

1 value of a human life lost at 200,000 and  
2 estimated the company could cost effectively  
3 spend only \$2.00 for rear-impact protection to  
4 prevent fuel-fed fires, and that a burn death  
5 would cost the company \$2.40 a vehicle.

6                   Through this analysis, GM  
7 determined it would not be cost effective to  
8 pay more than \$2.20 per car for each burn  
9 death.

10                  So you talk about today's GM, but  
11 evidence shows that as recently as 2005 GM used  
12 a cost benefit analysis to determine if fixing  
13 the problem was, quote, not an acceptable  
14 business case.

15                  Are you aware of the situation in  
16 2005? Has that been called to your attention?

17                  MS. BARRA: I was aware in general of  
18 the Ivy letter. I have never seen it.

19                  SENATOR BOXER: What about the 2005,  
20 is that the new GM or the old GM, 2005?

21                  MS. BARRA: General Motors Company was  
22 formed in 2009.

1 SENATOR BOXER: Okay. So the old GM  
2 in 2005, you're not aware that they used a cost  
3 benefit analysis to determine if fixing the  
4 problem was not, quote, an acceptable business  
5 case?

6 MS. BARRA: Again, if it's a safety  
7 issue, there should not be a business case  
8 calculated.

9 SENATOR BOXER: But you don't know  
10 anything about this?

11 MS. BARRA: That's why we've hired an  
12 investigation. We're going back over a period  
13 of a decade to understand exactly what  
14 happened.

15 SENATOR BOXER: Okay. I'll hold for  
16 the second round. Thank you.

17 CHAIRMAN McCASKILL: As people know,  
18 the Commerce Committee does order of arrival.  
19 Just to remind everyone, every committee does  
20 it different, but Senator Rockefeller does  
21 order of arrival. I will respect him in that  
22 regard. I respect him anyway, I respect

1 him in all regards, but I also will respect him  
2 in that regard.

3 So next will be Senator  
4 Klobuchar.

5 SENATOR KLOBUCHAR: Thank you very  
6 much, Senator McCaskill. Thank you for holding  
7 this hearing.

8 Ms. Barra, the -- one of the  
9 families involved in this is a young woman who  
10 was killed named Natasha Weigel from Albert  
11 Lea, Minnesota. I met her dad yesterday. I  
12 talked to her mom -- or to her mom's husband  
13 yesterday.

14 And this young girl was in  
15 Wisconsin, she was in a Cobalt with some  
16 friends and suddenly the ignition went off and  
17 the car barreled 71 miles per hour into trees,  
18 and two of the girls were killed, including  
19 Natasha, and she was a hockey player, young  
20 girl.

21 In one of the letters that her  
22 dad gave me that she wrote to him just a few

1 months before she died she talks about -- this  
2 is her words -- I wouldn't be the good goalie I  
3 am now if it wasn't for you, Dad, standing  
4 behind the net behind the glass just knowing  
5 you were there made me trust myself better and  
6 I definitely felt secure to know you had my  
7 back.

8                   And I think you understand that  
9 these families need someone to have their back.  
10 They want to have the backs of their kids, at  
11 least the memories of their kids.

12                  And I think this is a lot about  
13 what this is about, including a major change in  
14 process that we clearly need in GM and probably  
15 in the transportation field in terms of how we  
16 look at these things.

17                  And as you look at this internal  
18 evidence, I think the things that we need to  
19 know, including why did GM open numerous  
20 internal reviews but not elevate the issue to a  
21 formal investigation until 2011, why was GM's  
22 management not aware of critical decisions

1 being made related to the defect, did GM  
2 disclose the issue during the company's  
3 bankruptcy proceedings, these are the things  
4 that are on the minds of the American people.

5                   And then on the government side  
6 with NHTSA, did NHTSA have sufficient resources  
7 to do a prompt, thorough investigation, did  
8 NHTSA have the technical expertise and  
9 technology to evaluate this growing evidence?

10                  I know in our case, in the Weigel  
11 family, a claim -- a complaint was made with  
12 NHTSA way back when Natasha was killed.

13                  What could NHTSA have done  
14 differently as it was receiving complaints over  
15 this very long period of time?

16                  So my first question of you is  
17 really about your -- this internal process and  
18 I'd like to know what factors -- as we've just  
19 seen these recalls, with more and more of them  
20 rolling out over the last few weeks, what  
21 factors did GM consider when it's examining  
22 whether or not to elevate a potential safety

1 defect to a higher level of review?

2 MS. BARRA: In today's General Motors,  
3 we look at -- I mean, as an incident is learned  
4 about, and it can come from any source, it can  
5 come from our dealers, it can come from  
6 testing, it can come from outside, it can come  
7 from a claim being made, and it gets assigned  
8 to team of knowledgeable engineers, they  
9 investigate, try to understand what's  
10 happening, try to understand, you know, if  
11 there is an incident, what it could cause, that  
12 then gets reviewed by a team, a  
13 cross-functional team, and then goes to a final  
14 group to make a determination. That's the  
15 process that's used.

16 SENATOR KLOBUCHAR: And what's the  
17 single most important factor the company  
18 considers when looking at whether to do a  
19 recall?

20 MS. BARRA: The most important thing  
21 is if there is a safety issue, and we will --  
22 and we have actually over the last two years

1 made great strides to quickly get information,  
2 look and get into the field as quickly as  
3 possible.

4                   If you look at the data right now  
5 of General Motors, we actually do more recalls  
6 than anyone with smaller population because  
7 we're trying to get -- if we find something,  
8 we're trying to get in and fix it as quick as  
9 we can.

10                  SENATOR KLOBUCHAR: And do you think  
11 there will be further recalls to come here with  
12 different models?

13                  MS. BARRA: I believe as we find  
14 problems large or small, we will do the right  
15 thing, and if it requires a recall, we will do  
16 a recall.

17                  SENATOR KLOBUCHAR: Okay. Now, we  
18 have the issue of the claims with many of these  
19 families that have been involved.

20                  Do you think that families have  
21 equal opportunity to compensation regardless of  
22 whether and when GM went through bankruptcy,

1 and if you could also describe -- you just  
2 announced this appointment of Mr. Feinberg --

3 MS. BARRA: Right.

4 SENATOR KLOBUCHAR: -- but how would  
5 it work so that these families would get their  
6 compensation?

7 MS. BARRA: And we hired Mr. Feinberg  
8 late last week, we have our first meeting with  
9 Mr. Feinberg on Friday, and we want to -- It's  
10 open right now.

11 We've -- he has guided us on the  
12 different things that we need to consider.

13 Again, as I've said, we have  
14 civil and we have legal responsibilities. We  
15 are going to work through those.

16 I anticipate, based on the  
17 timeline he has given us, it will take about 60  
18 days. That's the timeline he has told us to  
19 plan for.

20 As we explore and look at all the  
21 different options, we have not made any  
22 decisions yet, all options are still open, but

1 I don't have a decision today.

2 SENATOR KLOBUCHAR: So do you think  
3 that these families should be able to be  
4 compensated regardless of the bankruptcy issue?

5 MS. BARRA: That's why we hired  
6 Mr. Feinberg to work through this issue.

7 SENATOR KLOBUCHAR: Last question as  
8 my time is running out:

9 What does GM have to do to regain  
10 the American public's trust?

11 MS. BARRA: We have to work every day,  
12 and I am 150 percent committed to it, as is my  
13 team, to make sure we are putting the safest  
14 and the highest quality vehicles on the road  
15 across the globe, and that's what we will work  
16 tirelessly to do. That's what the men and  
17 women of General Motors want to do.

18 SENATOR KLOBUCHAR: Thank you.

19 CHAIRMAN McCASKILL: Senator Coats.

20 SENATOR COATS: Madame Chair, thank  
21 you very much.

22 Ms. Barra, yesterday, correct me

1 if I am wrong here, but I believe you said that  
2 GM, you did say you had hired Mr. Feinberg to  
3 investigate the matter, but you also did not  
4 commit to sharing the results of that  
5 investigation with the public and with the  
6 Congress, instead saying, and I think I am  
7 quoting it correctly, you will share what's  
8 appropriate.

9                   After a night's sleep on that  
10 question, is that still your position or do you  
11 think it would be appropriate to share  
12 everything Mr. Feinberg discovered with us and  
13 with the public?

14                  MS. BARRA: Well, first of all, I  
15 would like to add to that.

16                  What I -- the specific question I  
17 was asked was the findings from Mr. Valukas'  
18 study, who is doing the complete investigation,  
19 the external investigation of what happened  
20 over this more-than-a-decade period.

21                  And when I said we would share  
22 what appropriate -- we will share everything

1 and anything that's related to safety of our  
2 vehicles, that's related to the safety of this  
3 incident, we will share that with the  
4 customers, we will share that with you, with  
5 our regulators.

6                   If we learn things that are  
7 broader from a safety perspective, we will  
8 share that.

9                   The only thing, and the reason  
10 why I use "what is appropriate", is if there is  
11 an issue of competitiveness, because we have  
12 opened up everything to Mr. Valukas, that would  
13 be something that we would -- again, if there  
14 was any safety issue, we would override on the  
15 safety side, but other competitive issues, and  
16 then also as an employer we have  
17 responsibilities on privacy to some our  
18 employees as part of an employment agreement, I  
19 have to respect that as well.

20                  But clearly I appreciate the  
21 opportunity to clarify this:

22                  Anything remotely related to

1 safety of vehicles or anything that could  
2 improve the process, we could have done better  
3 with NHTSA, will readily be shared and in a  
4 very transparent process.

5 SENATOR COATS: Well, I am glad you  
6 clarified that because I think it raised  
7 concerns with all of us relative to that.

8 So just to make the record clear,  
9 anything related to the safety issue will be  
10 shared with the public and with the Congress?

11 MS. BARRA: Absolutely.

12 SENATOR COATS: Were you aware of this  
13 problem when you were offered the chairmanship  
14 of the CEO position at GM?

15 MS. BARRA: I became aware of the  
16 recall on January 31st. I was aware in late  
17 December that there was analysis going on on a  
18 Cobalt, but I didn't even know what the part  
19 was.

20 SENATOR COATS: Well, whether you like  
21 it or not, you've become the face of the  
22 problem, but hopefully also the face of the

1 solution.

2                   But it is important that I think  
3 we understand what your role was during your 33  
4 years, and more important than that, that the  
5 investigation point out just who knew what and  
6 when did they know it.

7                   I would suggest to the Chair that  
8 perhaps a follow-up subcommittee hearing  
9 potentially involve those who held the  
10 leadership and the key positions in GM during  
11 the timeframe that we're looking at here, and  
12 that would include some government officials  
13 also since it owned the company, 60 percent of  
14 the company for a considerable period of time.

15                  And so I say that because I think  
16 we need to hear from people who had the key  
17 positions in GM that perhaps had knowledge of  
18 this and made a decision, either on a cost  
19 basis or another reason, to come before the  
20 committee and explain their role in this rather  
21 than dumping the whole issue on its new CEO.

22                  But, again, as I said, you've

1 taken on this duty, and like many before you,  
2 including presidents of the United States, what  
3 is anticipated that your role will be turns out  
4 to be something very, very different.

5                   But we're going to need your  
6 complete cooperation as we work through this  
7 difficult issue, but I think also I would  
8 suggest to the chair and vice chair that we  
9 seriously consider bringing before us those who  
10 were in positions of responsibility when these  
11 decisions were made.

12                  CHAIRMAN McCASKILL: Thank you,  
13 Senator Coats.

14                  We will in all likelihood do some  
15 kind of follow-up hearing on this, and I think  
16 it would be helpful to hear from some of the  
17 people in key places.

18                  I'd certainly like to talk to  
19 under oath -- I shouldn't say under oath. In a  
20 committee setting I'd like to talk to the legal  
21 team about how they handled the lawsuits around  
22 this defect.

1 Senator Nelson.

2 SENATOR NELSON: Thank you, Madame  
3 Chairman.

4 Ms. Barra, I have been a General  
5 Motors customer for virtually all my life and  
6 have been very satisfied.

7 I'm concerned by virtue of what  
8 we've learned is there a corporate culture, and  
9 since you're the new sheriff in town, you're  
10 going to have to get into that culture.

11 As Senator Boxer had mentioned,  
12 back in 1973, that accident of the fuel fires,  
13 and so an engineer for GM wrote the value  
14 analysis of auto fuel-fed fire related  
15 facilities, and Senator Boxer already talked  
16 about that.

17 Madame Chairman, I would ask that  
18 that be entered into the record, that  
19 engineer's report.

20 CHAIRMAN McCASKILL: Without  
21 objection.

22 SENATOR NELSON: Given this potential

1 culture problem in GM, since I am a GM  
2 customer, if I were to have a recalled  
3 Chevrolet Cobalt, would you recommend that I  
4 drive home in it tonight?

5 MS. BARRA: If you take the -- all the  
6 keys off the ring except the ignition key or  
7 just use the ignition key, our engineering team  
8 has done extensive analysis to say it is safe  
9 to drive.

10 SENATOR NELSON: What if I were going  
11 on a long trip?

12 MS. BARRA: Again, if you don't have  
13 anything else on your key ring, and I recommend  
14 just the ignition key, you are safe to drive  
15 the vehicle. That analysis has been done over  
16 weeks.

17 SENATOR NELSON: I suspect that Cobalt  
18 drivers would not take comfort in that advice  
19 knowing what has come up, and you all may want  
20 to revise that advice.

21 You mentioned here that GM has  
22 hired Ken Feinberg. You know, he is accustomed

1 to large claims; he handled the BP oil spill in  
2 the Gulf.

3 You all have confirmed 13 deaths.

4 Does this suggest with Feinberg coming on board  
5 that the number of deaths and injuries is going  
6 to be potentially much higher?

7 MS. BARRA: We are starting our work  
8 with Mr. Feinberg on Friday. We think he is an  
9 expert in this area, and we want to do what's  
10 right. So we thought he was the person with  
11 the most expertise to go forward.

12 And I would also -- to the  
13 previous question, if a person is not  
14 comfortable driving their Cobalt or one of  
15 these models, we are providing loaners  
16 free-of-charge.

17 SENATOR NELSON: With Feinberg on  
18 board, does that suggest that GM is going to  
19 compensate owners who feel the need that they  
20 have to park their car other than the loaner  
21 that you're speaking about?

22 MS. BARRA: Again, working with

1 Mr. Feinberg, there is many aspects that we  
2 need to work through with him, and that is why  
3 he on his timeline is saying it will be about  
4 the 60 days.

5 SENATOR NELSON: The Center on Auto  
6 Safety has suggested that they think this  
7 defect may have caused over 300 deaths. That's  
8 a big difference from the 13 that you've  
9 acknowledged.

10 Why do you think those numbers  
11 are so far apart?

12 MS. BARRA: My understanding is there  
13 is data sources from the FARS (phonetic)  
14 database where it captures a proportion of  
15 incidents that occurred in those vehicles in a  
16 broader population.

17 In some case the way airbags are  
18 designed, they are not intended to go off  
19 depending on the crash, and if you'd like me to  
20 have -- we have a team that's very  
21 knowledgeable, they've spent virtually their  
22 entire career working on airbags. We could

1 share that.

2 SENATOR NELSON: Tomorrow you're going  
3 to have to formally respond to NHTSA about what  
4 the company did and did not know.

5 Companies are legally required to  
6 report safety defects within five business days  
7 of discovering them and so this information is  
8 going to be critical to determine whether GM  
9 broke the law.

10 While we're waiting on this  
11 determination, can you tell us whether you  
12 think that GM informed the government and the  
13 consumers pursuant to the law in order to  
14 prevent those accidents?

15 MS. BARRA: I want to know that answer  
16 just as much as you did, and that's why -- you  
17 do and that's why I've got Mr. Valukas who is  
18 doing this report, and we are working on all  
19 the information that NHTSA has requested to  
20 provide that in a timely fashion.

21 SENATOR NELSON: Thank you.

22 CHAIRMAN McCASKILL: Let's see, who is

1 next. Senator Booker is not here.

2 It would be Senator Blumenthal.

3 SENATOR BLUMENTHAL: Thank you, and  
4 thank you for holding this hearing. Thank you,  
5 Ms. Barra, for being here today.

6 You and I have met before,  
7 haven't we?

8 MS. BARRA: Yes, we have.

9 SENATOR BLUMENTHAL: And I'm going to  
10 tell you now what I said then, which is that I  
11 have enormous admiration and respect for your  
12 career, what you have accomplished, and the  
13 leadership that you've provided to GM, and I  
14 also have enormous respect for your company.

15 It's an iconic, enormously  
16 important manufacturing company and it produces  
17 terrific products generally, and I know that  
18 you're accompanied here by a regiment of  
19 lawyers and a battalion of public relations  
20 consultants and that you are breaking with the  
21 culture. It's a very difficult step.

22 But let me with all due respect

1 suggest three steps, at least three steps, you  
2 can take if you really want to break with the  
3 culture and show the leadership that I think is  
4 worthy of GM and worthy of your leadership.

5 Number 1, commit to a  
6 compensation fund that will do justice for the  
7 victims of the defects that killed people in  
8 your cars.

9 Number 2, warn drivers who are  
10 currently behind the wheel of those cars that  
11 they should not drive them until they are  
12 repaired because they are unsafe.

13 And, Number 3, support the  
14 measure that Senator Markey and I have proposed  
15 that would improve the system of safety  
16 accountability going forward, require more  
17 disclosure to the public and better  
18 transparency and reporting by the car  
19 manufacturers in case of defects to the federal  
20 agencies, and the federal agencies have a  
21 substantial share of the blame in this  
22 instance.

1                   I think it's pretty much  
2 incontrovertible that GM knew about this lethal  
3 safety defect, failed to correct it, and failed  
4 to tell its customers about it and then  
5 concealed it from the courts and the United  
6 States.

7                   So I think these steps are  
8 appropriate, and I hope that you will adopt  
9 them despite whatever complexities that you see  
10 and whatever the advice is that you're getting.

11                  And I want to know, first of all,  
12 what is it that Ken Feinberg has to work  
13 through to convince you that there should be  
14 compensation to these victims?

15                  MS. BARRA: Ken Feinberg has just  
16 indicated to us, as he goes in he interviews a  
17 lot of people, tries to get an understanding of  
18 the process.

19                  SENATOR BLUMENTHAL: But he is not  
20 a -- and excuse me for interrupting you, but we  
21 have all of five minutes here, so I'm trying to  
22 make the best use of it as possible.

1                   He is not a bankruptcy expert,  
2 and right now GM is still in courts across the  
3 country invoking a blanket shield from  
4 liability that is the result of its deception  
5 and concealment to the federal government.

6                   I opposed it at the time as  
7 Attorney General for the State of Connecticut,  
8 not foreseeing that the material adverse fact  
9 being concealed was as gigantic as this one,  
10 but why not just come clean and say we're going  
11 to do justice here, we're going to do the right  
12 thing, we're going to compensate victims,  
13 knowing that money can't erase the pain or  
14 maybe even ease it, but it's the right thing to  
15 do.

16                  MS. BARRA: Our first step in  
17 evaluating this is to hire Mr. Feinberg, and we  
18 plan to work through it with him and understand  
19 his expertise.

20                  As I've said, there is civic as  
21 well as legal responsibilities, and we want to  
22 be balanced and make sure we are thoughtful in

1 what we do.

2 SENATOR BLUMENTHAL: Let me go on to  
3 the next step. Let me show you the recall  
4 notice, and I'm sure you've seen it.

5 It says: The risk increases if  
6 your key ring is carrying added weight, such as  
7 more keys or the key fob, or -- and I stress --  
8 or your vehicle experiences rough road  
9 conditions or other jarring or impact-related  
10 events.

11 Even with all the weight off the  
12 keychain, doesn't that recall notice tell you  
13 that cars should not be driven where there are  
14 rough road conditions or other kinds of  
15 potential jarring events?

16 MS. BARRA: The testing that has been  
17 done has been on our proving ground that has  
18 extensive capability where the vehicle would be  
19 jarred and with just the key or the key and the  
20 ring, it has -- it has performed.

21 SENATOR BLUMENTHAL: Is it your  
22 testimony here today that those cars are as

1 safe as any other car on the road today?

2 MS. BARRA: Again, as you look across  
3 all the safety technology that is on vehicles  
4 from the past to present, there is variation on  
5 safety based on the technology that's on cars  
6 today. So there is variation with -- across  
7 the whole population.

8 SENATOR BLUMENTHAL: Is that Cobalt  
9 car as driven now safe for your daughters to  
10 drive? Would you allow them behind the wheel?

11 MS. BARRA: I would allow my son and  
12 daughter to drive -- Well, my son because he is  
13 the only one eligible to drive, if he only had  
14 the ignition key.

15 SENATOR BLUMENTHAL: So the added risk  
16 if you have only the ignition key of driving  
17 that car on the road is zero? There is no  
18 additional risk of driving the unrecalled  
19 Cobalt on the road?

20 MS. BARRA: The testing that we have  
21 done as it relates to this indicates that that  
22 the weight is not -- would not cause that

1 issue.

2 SENATOR BLUMENTHAL: If my time --

3 MS. BARRA: Can I just say if someone  
4 is uncomfortable, though, we are providing  
5 loans, if someone asks for a loaner, a loaner  
6 is provided.

7 SENATOR BLUMENTHAL: Well, again, I  
8 would respectfully suggest that you advise your  
9 customers to get loaners rather than driving  
10 these cars.

11 Thank you, Madame Chairman.

12 CHAIRMAN McCASKILL: Senator Ayotte.

13 SENATOR AYOTTE: Thank you, Madame  
14 Chairman.

15 Ms. Barra, you described the  
16 situation with the duplicate parts, the  
17 duplicate ignition switches, one had the  
18 defect, one didn't; however, the same part  
19 number was kept.

20 As I understand that, that  
21 happened -- the part was actually approved by  
22 the chief engineer in 2006 and then it was --

1 the redesigned ignition switch was put at some  
2 point into the model during the 2007 year, and  
3 you've described that as an unacceptable  
4 practice.

5 You know, I have to say when I  
6 look at this situation, particularly the fact  
7 that there is indications that GM may have  
8 known as soon 2001 about the problems with the  
9 ignition switch, the fact that there would be  
10 two identical parts -- and, in other words,  
11 one's defective and one isn't, and you didn't  
12 change the part number strikes me as deception,  
13 and I think it goes beyond unacceptable. I  
14 believe this is criminal.

15 And I guess my question to you  
16 is: Have there been any other instances where  
17 GM actually is changing a part and fixing a  
18 defect and keeps the part number the same  
19 because this -- this to me is not a matter of  
20 acceptability. This is criminal deception.

21 MS. BARRA: I am not aware of any, and  
22 I -- it is not an appropriate practice to do.

1 It is not acceptable. It is crucial. It's  
2 engineering principle 101 to change the part  
3 number when you make a change.

4 SENATOR AYOTTE: Yeah, I think it's  
5 just -- Obviously someone made the decision and  
6 it was approved by GM to do this, and I would  
7 like to know whether it's ever been done in any  
8 other instance, because I think that we should  
9 get to the bottom of that in terms of  
10 deception, in terms of the potential safety  
11 issues that can flow from that, of not  
12 triggering for people that there is actually a  
13 part that is being fixed, but not with a  
14 different number.

15 So it's really a matter I think  
16 of being honest and truthful with the public  
17 here.

18 So I would like to get a  
19 follow-up answer to that as this investigation  
20 goes forward, because I don't see this as  
21 anything but criminal when I see the change in  
22 this part number.

1                   I also wanted to ask about -- The  
2 Chair asked you about the deposition in April  
3 or May of last year where clearly in the  
4 deposition the trial counsel had raised this  
5 issue of the two parts with the same number,  
6 one defective, one not, and does the general  
7 counsel report directly to the CEO?

8                   MS. BARRA: Yes.

9                   SENATOR AYOTTE: Yes. And I find it  
10 shocking that something like that, and I share  
11 the Chair's concern, wouldn't have gone  
12 directly up through the leadership of GM, and  
13 so I think this is a very important issue that  
14 we need to understand even a year ago what was  
15 told and who knew what when because it seems to  
16 me, I'm a lawyer by background as well, this  
17 would have been shocking for me to hear in a  
18 deposition representing a client, and I would  
19 have gone to the top if something -- if I heard  
20 something like that to make sure that my client  
21 understood what was happening and the risks  
22 that they faced.

1                   I also wanted to ask you about  
2 with regard to the taxpayer bail-out of GM in  
3 2009, at that point had there already been  
4 lawsuits filed related to the ignition switch?

5                   MS. BARRA: I can't answer that  
6 question. I don't know.

7                   SENATOR AYOTTE: I would like to know  
8 whether GM actually notified the  
9 administration's auto industry task force,  
10 which helped administer the taxpayer bail-out  
11 about the ignition switch, but I would assume  
12 that if there were any lawsuits that had been  
13 filed that were pending with regard to the  
14 safety of the products of GM that this would  
15 have been something that would have been  
16 brought to the attention of the administration.

17                  And I would like to know what  
18 information was provided to that task force or  
19 to other officials in the administration as we  
20 provided taxpayer dollars to GM to address the  
21 bail-out and the bankruptcy?

22                  So I think this is an important

1 issue as well and obviously an important issue  
2 I think for NHTSA as well.

3 So if you could get back to us on  
4 that, I would appreciate it. Thank you.

5 CHAIRMAN McCASKILL: Senator Rubio.

6 SENATOR RUBIO: Thank you, Madame  
7 Chair.

8 Ms. Barra, you've been at GM for  
9 how many years?

10 MS. BARRA: 33.

11 SENATOR RUBIO: 33. You have  
12 discussed a lot today about the culture at  
13 General Motors and the change in the culture.

14 Can I ask you about the culture  
15 at GM in your years there?

16 Was there a culture at GM at any  
17 time that you have worked there about  
18 avoiding -- a culture of discouraging bad news  
19 about the company?

20 MS. BARRA: I think the culture wasn't  
21 always as welcoming of bad news. You know,  
22 again, it was not across the whole company, but

1 in pockets it wasn't always as welcomed as it  
2 should have been.

3 SENATOR RUBIO: But certainly at  
4 senior management positions in light of, for  
5 example, the bankruptcy and the subsequent need  
6 for the federal government to intervene and  
7 bail out the company for it to survive, did you  
8 notice that that was exacerbated during that  
9 time, that at that point in time there was a  
10 particular amount of resistance towards any  
11 sort of bad news about the company like, for  
12 example, faulty ignition switches?

13 MS. BARRA: I wouldn't draw that  
14 conclusion.

15 SENATOR RUBIO: So you were never  
16 involved, you never saw any conversations with  
17 regards to the need to diminish the amount of  
18 bad news about the company or anything that  
19 would be disruptive, even if it involved safety  
20 issues?

21 MS. BARRA: No. No.

22 SENATOR RUBIO: So let me ask you this

1 question now, leading to the next point, and I  
2 think -- I just want to ask it, and I know your  
3 answer is going to be that there's an ongoing  
4 investigation, but I think its important to ask  
5 it.

6 From what you know now, from the  
7 documents you have been able to review and the  
8 conversations you've had, I would imagine this  
9 issue has captured the attention and perhaps  
10 consumed much of your time and the time of  
11 senior management at GM; is that right?

12 This is probably the central  
13 issue confronting the company right now, so  
14 just based on what you know over the last few  
15 weeks having dealt with this issue, can you  
16 tell us whether General Motors intentionally  
17 misled its customers and federal regulators  
18 when someone decided to delay disclosing or  
19 fixing the faulty ignition switch?

20 MS. BARRA: I don't know. That's why  
21 we're doing the investigation.

22 SENATOR RUBIO: But you won't rule

1 that out?

2 MS. BARRA: Mr. Valukas has the reins  
3 to go wherever the facts take him, and the  
4 facts are the facts, and we'll deal with those.

5 SENATOR RUBIO: So if, in fact, it  
6 turns out that there are individuals who made  
7 decisions, is the purpose of this investigation  
8 to deduce two things:

9 First, the process that led to  
10 these decisions to be made, how was it this  
11 decision was made so that you never do that  
12 again? That's the first part of the  
13 investigation.

14 The second part -- and the one  
15 that I think is important, because this is not  
16 just about General Motors, there are other  
17 companies out there making all sorts of  
18 products, and what we never want to do is live  
19 in a country where companies can decide that as  
20 a business model, we will decide not to make  
21 fixes to things, despite the fact that they are  
22 dangerous because it costs too much money to

1 fix it. That's a dangerous precedent.

2 I heard the Ford Pinto was  
3 mentioned earlier -- because we would never  
4 tolerate that.

5 You know, if I owned a restaurant  
6 and poison was part of my ingredients, and I  
7 decided not to change the recipe because it  
8 cost too much money and someone died, I  
9 wouldn't -- they wouldn't just close down my  
10 restaurant, I would go to jail.

11 So my second question is as part  
12 of this investigation to decide who made these  
13 decisions, who, in fact, decided -- or what  
14 group of people decided not to disclose these  
15 flaws and to do something about them in a  
16 timely manner as part of investigation to  
17 identify those individuals who made those  
18 decisions.

19 MS. BARRA: If there were decisions  
20 made by individuals that were inappropriate,  
21 and some of the things that I've seen I'm very  
22 troubled by, as Mr. Valukas completes his

1 findings, the GM -- my team, my leadership  
2 team, we will take steps, and if that means  
3 there is disciplinary actions up to and  
4 including termination, we will do that.

5 We demonstrated that already when  
6 we dealt with our India Tavera issue last year.

7 SENATOR RUBIO: But certainly if  
8 someone was negligent, if someone said we have  
9 this information, we don't think it's a big  
10 deal, we shouldn't do anything about it, that  
11 is negligence, and certainly someone like that  
12 should not continue to work for the company.

13 But will you also look for  
14 evidence in that investigation that, in fact,  
15 people knew that this was a problem, but  
16 decided that the costs weren't worth it, are  
17 you also in search of that, to see if, in fact,  
18 there were individuals or a culture in the  
19 company created by a group of individuals that  
20 encouraged employees to make these sorts of  
21 cost benefit analyses based on economics and  
22 not on customer safety?

1                   MS. BARRA: As I've said, that type of  
2 analysis on a safety issue or a safety defect  
3 is not acceptable, it's not the way we're going  
4 to do business, and that is not the culture.

5                   We will -- We will make sure that  
6 that is not the culture we have going forward.

7                   SENATOR RUBIO: But again my question  
8 is if, in fact you discover, or will you look  
9 to see if, in fact, whether there was a  
10 decision made by a group of individuals not to  
11 move forward on this because of its costs?

12                  MS. BARRA: Yes.

13                  SENATOR RUBIO: You want to know the  
14 answer to that question, and that would be --  
15 we will know the names of these people, and we  
16 will know the process by which they made that  
17 decision as well?

18                  MS. BARRA: We will work on the  
19 process. In raising the names, I have to make  
20 sure that I stay consistent with employer laws  
21 that I have, but trust me, we acted swiftly  
22 when we had issues with individuals who are no

1 longer with the company in the past.

2 SENATOR RUBIO: And I would follow up  
3 talking to your counsel and ours as well, but I  
4 am not sure there are any laws that allow  
5 companies to shield an individual who made at  
6 that point what appears to be a criminal  
7 decision not to move forward on a safety item  
8 because of some sort of internal economic  
9 consideration.

10 MS. BARRA: I guess we need to  
11 complete the investigation and have the facts  
12 in front of us, and we will act not only from a  
13 company perspective, but if there is issues  
14 beyond that that have to be dealt with, we will  
15 deal with those.

16 SENATOR RUBIO: I have one last  
17 question, my time is up.

18 Will you fully cooperate with the  
19 Justice Department if they want to conduct a  
20 concurrent investigation alongside the internal  
21 one?

22 MS. BARRA: We will fully cooperate

1 with the Justice Department.

2 SENATOR RUBIO: Thank you.

3 CHAIRMAN McCASKILL: Senator Johnson.

4 SENATOR JOHNSON: Thank you, Madame  
5 Chair.

6 Ms. Barra, like Senator  
7 Klobuchar, I met with the stepfather and mother  
8 of Natasha Weigel, and that accident occurred  
9 in Wisconsin, so this hits pretty close to  
10 home.

11 Your background is electrical  
12 engineer, correct?

13 MS. BARRA: Correct.

14 SENATOR JOHNSON: And you say you have  
15 been with GM for 33 years. In that capacity I  
16 would imagine General Motors has been a real  
17 leader in terms of total quality management in  
18 their manufacturing -- in their manufacturing  
19 process?

20 MS. BARRA: We have improved our  
21 quality over the last several years.

22 SENATOR JOHNSON: I've got a

1 manufacturing background myself, I ran a plant  
2 for 31 years.

3 In your engineering capacity I  
4 would imagine you dealt with the quality  
5 management system in pretty robust fashion,  
6 correct?

7 MS. BARRA: Correct. In the  
8 manufacturing arena, yes.

9 SENATOR JOHNSON: Okay. I want to  
10 drill down a little bit in terms of where  
11 Chairman McCaskill's and Senator Ayotte went on  
12 the change of that part number.

13 I have gone through a lot of  
14 quality audits and of course the reason you  
15 have different numbers for different parts is  
16 for traceability, correct?

17 MS. BARRA: Correct. It has -- A  
18 number of reasons, but that being a key one.

19 SENATOR JOHNSON: A real key one. So  
20 if there is a problem or there is a defect in  
21 the manufacturing process, you can trace back  
22 exactly where that happened.

1                   So that's not -- You called that  
2 not good engineering principle. That's really  
3 just a total violation of a total quality  
4 management system, correct?

5                   MS. BARRA: Correct.

6                   SENATOR JOHNSON: And again, total  
7 quality management has been part of GM for how  
8 many decades?

9                   MS. BARRA: For I would say at least  
10 my career and it's been improving along the  
11 way.

12                  SENATOR JOHNSON: And the engineering  
13 departments in particular are totally focused  
14 on those TQM principles, correct?

15                  MS. BARRA: Correct.

16                  SENATOR JOHNSON: Wouldn't there be --  
17 When you change a part, okay, there is going to  
18 be an awful lot of engineering that goes into  
19 changing that part, correct?

20                  There are going to be subparts  
21 that go within a part.

22                  MS. BARRA: It depends on the change

1 in the part.

2 SENATOR JOHNSON: Well, let's say the  
3 ignition switch. How many -- just there are  
4 multiple parts to the ignition switch, correct?

5 MS. BARRA: Correct.

6 SENATOR JOHNSON: So when you redesign  
7 that, there are going to be different parts  
8 combined with that part?

9 MS. BARRA: And then the part number  
10 that General Motors uses as the subassembly  
11 comes to us have a unique and individual part  
12 number.

13 SENATOR JOHNSON: So it would be very  
14 difficult within a total quality management  
15 system to have multiple changes in part numbers  
16 combined in an assembled part and then not have  
17 that part number changed in a completely --

18 MS. BARRA: I agree.

19 SENATOR JOHNSON: Almost impossible.

20 MS. BARRA: It's wrong.

21 SENATOR JOHNSON: Which means it  
22 wasn't just a mistake, somebody had to

1 proactively make sure that that part number did  
2 not change, correct?

3 MS. BARRA: That's why we're  
4 investigating, to learn exactly why that  
5 happened.

6 SENATOR JOHNSON: But again, within a  
7 total quality management system, with  
8 everything that goes into changing a part, an  
9 assembled part, so there are going to be  
10 different parts numbers combining into that  
11 part, there is almost -- there is really no  
12 conceivable way within a total quality  
13 management system, with computers as they are  
14 today, with the types of controls you put in a  
15 total quality management system, that within  
16 that system a new assembled part would not have  
17 a different part number?

18 MS. BARRA: I agree with you and  
19 that's why I find it so disturbing.

20 SENATOR JOHNSON: So basically the  
21 conclusion would be that process, that  
22 procedure, that computer system was

1 purposefully overridden?

2 MS. BARRA: That is why we're doing  
3 the investigation.

4 SENATOR JOHNSON: Okay. Well, again,  
5 that's the assumption to make, right?

6 Now, also within that  
7 traceability part of the total quality  
8 management system, we should be able to quickly  
9 identify who or what departments were involved  
10 in that, correct?

11 MS. BARRA: And we are doing that.

12 SENATOR JOHNSON: Okay. Now, again  
13 I'm no attorney, I can't really speak to  
14 criminality, but it's going to be pretty  
15 important to find out who was responsible for  
16 overriding the quality system to change that  
17 part?

18 MS. BARRA: I want to understand why  
19 those actions were taken.

20 SENATOR JOHNSON: And the only reason  
21 anybody would make sure in a total quality  
22 management system that a part number didn't

1 change would be to hide the fact that that part  
2 changed for some reason, correct?

3 MS. BARRA: And I would like the  
4 complete investigation to be completed before I  
5 start making assumptions.

6 SENATOR JOHNSON: Okay. I have no  
7 further questions. Thank you.

8 CHAIRMAN McCASKILL: Senator Markey.

9 SENATOR MARKEY: Thank you, Madame  
10 Chair.

11 This is Chevy Cobalt 2006  
12 ignition switch. This is the same design that  
13 failed, shutting off vehicle airbags and  
14 killing innocent victims.

15 We now know that the difference  
16 between this switch and one that would have  
17 worked was the difference between life and  
18 death.

19 And do you know the other  
20 difference, the other thing that we now know,  
21 that it would only cost \$2.00 to repair, \$2.00.  
22 And that's how little this ignition switch

1 would have cost.

2                   And it was apparently \$2.00 too  
3 much for General Motors to act despite a decade  
4 of warnings, accident reports, and deaths, and  
5 while a number of investigations are ongoing to  
6 determine exactly how many times this evidence  
7 was covered up by GM or ignored by NHTSA, there  
8 is one clear conclusion that we can make, and  
9 that is it is much more difficult to cover up  
10 evidence that is publicly available.

11                  Ms. Barra, if I have a car  
12 accident and decide to report the details to  
13 NHTSA, NHTSA puts that information into a  
14 public consumer complaint database.

15                  But if I made the very same  
16 complaint to General Motors instead of to  
17 NHTSA, GM can deem all the details of my  
18 complaint to be confidential business  
19 information, and it does that every single  
20 time.

21                  You told Senator Coats that you  
22 would have all of the information, that you

1 would share anything and everything related to  
2 GM's Cobalt situation.

3 My question to you is this:

4 Will you commit publicly to  
5 disclosing all documents, including accident  
6 reports, notices that a fatal accident could  
7 have been caused by a safety defect, and all  
8 details of consumer complaints GM receives  
9 about all of its vehicles going forward,  
10 Cobalts or any other vehicle?

11 MS. BARRA: I understand there is  
12 different things being looked at to see what we  
13 should be reporting to NHTSA, and we will  
14 actively support looking at what we think would  
15 be useful to help speed the process of  
16 understanding a defect or understanding why  
17 something happened.

18 We will work cooperatively. I  
19 understand there is legislation underway and  
20 we'd be happy to review and provide input.

21 SENATOR MARKEY: So let's reach the  
22 legislation, because it's clear that if you're

1 not going to commit to doing it voluntarily, we  
2 need legislation that mandates it.

3                   The families are here, the  
4 victims are here. They want to be vindicated  
5 themselves, but they don't want other families  
6 to ever suffer what they have suffered.

7                   So Senator Blumenthal and I have  
8 introduced legislation, an early warning  
9 reporting system.

10                  Let me ask you this:

11                  Our bill would require automakers  
12 to submit the documents that first alerts them  
13 to fatal accidents involving their vehicles to  
14 the searchable early warning reporting system.

15                  Would you support that  
16 legislation?

17                  MS. BARRA: And that legislation is  
18 being reviewed by our team; we're providing  
19 input. We need to review the entire  
20 legislation.

21                  SENATOR MARKEY: Number 2, it would  
22 require the Transportation Department to

1 publish materials it receives about safety  
2 incidents that are currently kept secret.

3 Can you support that for families  
4 across America?

5 MS. BARRA: Senator, as this bill is  
6 put forward, we'd like to review it in its  
7 entirety and provide input and then we will  
8 comply with whatever legislation is passed and  
9 we will work proactively with NHTSA to try and  
10 make sure the most helpful information is  
11 brought forward.

12 SENATOR MARKEY: Number 3, it would  
13 require the Transportation Department to  
14 upgrade its databases to give consumers the  
15 tools they need to protect the members of their  
16 family.

17 Can you support that?

18 MS. BARRA: The answer -- Again, we  
19 will look at -- I'd like to look at the  
20 legislation in its entirety and provide input  
21 and work with NHTSA to make sure the  
22 appropriate information that would be most

1 helpful is what's made available.

2 SENATOR MARKEY: Fourth, it would  
3 require the Transportation Department to use  
4 the information it has to better identify fatal  
5 defects before they claim more innocent lives.

6 Can you support that legislation  
7 for every auto company in America?

8 MS. BARRA: Again, I would like to  
9 look at the legislation in its entirety, look  
10 at what makes the most sense working with NHTSA  
11 to make sure the most valuable information is  
12 put forward.

13 SENATOR MARKEY: I am very troubled  
14 that you are not willing to commit to ending  
15 this culture of secrecy at General Motors.

16 MS. BARRA: I didn't say that.

17 SENATOR MARKEY: Yes, you have. Okay.  
18 And I know this, okay, but I have tried year  
19 after year for more than ten years to have  
20 legislation passed that would require the  
21 disclosure of all of this information, and it  
22 was the automobile industry that killed my

1 legislation year after year.

2                   And this is the moment now for  
3 you to say more than that you're sorry, but  
4 that you're going to commit that families get  
5 the information to make sure that it never  
6 affects any other family in America again.

7                   And you should be in position  
8 right now, Ms. Barra, I am telling you this, to  
9 say we will disclose this information, we will  
10 make it available.

11                  You've had more than two months  
12 now to make this decision. You had more than  
13 two months to think about what went wrong.

14                  You've had have more than two  
15 months to think about why you work to kill  
16 legislation as a corporation for years that  
17 provided a consumer database so that individual  
18 families knew that their families could be  
19 harmed and yet you still do not have an answer.

20                  You still do not understand what  
21 the American public wants. They need the  
22 information to protect their families, and it

1 is important for everyone to know that General  
2 Motors is still not giving us the yes, the  
3 American people want, to that question.

4 CHAIRMAN McCASKILL: Ms. Barra, how  
5 many lawsuits relating to the defect, both  
6 pending and closed as well as settlements, has  
7 GM been a defendant or a co-defendant?

8 MS. BARRA: I don't have that  
9 information. I can provide it to the  
10 committee.

11 CHAIRMAN McCASKILL: I am assuming  
12 you've had some briefing from your counsel  
13 about your exposure on this defect?

14 MS. BARRA: We have not talked about  
15 exposure. We're -- We have -- It's very  
16 important once we realized the situation, we  
17 immediately hired Anton Valukas.

18 We don't want to have multiple  
19 investigations. We thought it most  
20 important to have --

21 CHAIRMAN McCASKILL: I'm not asking  
22 about investigations. I'm saying as the CEO of

1 General Motors, you have not had a briefing by  
2 your general counsel about the litigation that  
3 is ongoing against your company concerning this  
4 defect? You've not had that conversation?

5 MS. BARRA: I have been focused on  
6 getting the parts for customers.

7 CHAIRMAN McCASKILL: We would like to  
8 know how many cases have been filed, we would  
9 like to know how many cases have been  
10 completed, we would like to know how many are  
11 settled, and most importantly, how many of  
12 those required confidentiality, how much  
13 whack-a-mole has been going on in terms of  
14 trying to deal with these lawsuits on one off  
15 basis and leveraging what a lawyer wants to do  
16 for their client with the requirement of  
17 secrecy.

18 Has Mr. DiGiorgio been fired?

19 MS. BARRA: As the investigation has  
20 only been going on for couple weeks, we have  
21 already made process steps.

22 As I return to the office, we

1 will start to look at the people implications.

2 CHAIRMAN McCASKILL: So he has not  
3 been fired?

4 MS. BARRA: No.

5 CHAIRMAN McCASKILL: Is he still  
6 working there every day?

7 MS. BARRA: Yes.

8 CHAIRMAN McCASKILL: And you know that  
9 he lied under oath?

10 MS. BARRA: The data that's been put  
11 in front of me indicates that, but I am waiting  
12 for the full investigation. I want to be fair.

13 CHAIRMAN McCASKILL: Okay. Let me  
14 help you here. He said several times he had no  
15 idea these changes had been made. Here is a  
16 document that he signed under his name, Mr. Ray  
17 DiGiorgio. He signed it on April 26, 2006  
18 approving of the change.

19 Now, it is hard for me to imagine  
20 you would want him anywhere near engineering  
21 anything at General Motors under these  
22 circumstances, and I for life of me can't

1 understand why he still has his job.

2 I think it is -- I know you want  
3 to be methodical, I know you want to be  
4 thorough, I know you want to get this right,  
5 but I think it sends exactly the wrong message,  
6 that somebody who perjures repeatedly under  
7 oath. He wasn't just asked the question only  
8 once, he was asked the question over and over  
9 and over again.

10 Now, here's the really important  
11 question:

12 This document, which is  
13 completely relevant to any lawsuit that is  
14 filed against GM around these crashes, would  
15 have been included in any document request from  
16 any lawyer representing a family. This document  
17 was not given to Mr. Cooper. This document was  
18 withheld from the lawyer representing the  
19 family of Brooke Melton.

20 He didn't even find out about  
21 this document until after his case had been  
22 settled.

1                   How do you justify withholding a  
2 key piece of documentary evidence in a  
3 litigation concerning a part that was changed  
4 without a part number change that is spelled  
5 out in this document for anyone to read? How  
6 does that happen?

7                   MS. BARRA: I cannot -- I don't  
8 condone not providing information when  
9 requested, you know, in a legal proceeding, and  
10 if that was done, we will deal with the  
11 individuals accountable for that.

12                  CHAIRMAN McCASKILL: Well, I think  
13 it's very important that we find out how many  
14 cases this document was provided to counsel in  
15 when it was requested as clearly within the  
16 scope.

17                  I guarantee you there is not a  
18 request for documents being made of GM around  
19 these cases that the scope of the request did  
20 not include this document, and I want to know  
21 how many cases they buried this document  
22 because this is what happens in America.

1                   Corporations think they can get  
2 away with hiding documents from litigants and  
3 that there will be no consequences, and I want  
4 to make sure there is consequences for hiding  
5 documents because this is hiding the truth from  
6 families that need to know, and it's outrageous  
7 and it needs to stop.

8                   Last week, last month, the  
9 Department of Justice announced a \$1.2 billion  
10 settlement in a criminal case against Toyota.

11                  It resulted in a massive recall,  
12 unintended acceleration; we have talked about  
13 it in these hearings.

14                  What is particularly relevant to  
15 you, and I want to put this on the record, is  
16 the facts around the redesign of a part in that  
17 criminal case, and I'm going to quote from the  
18 facts of that settlement.

19                  Toyota redesigned a part using,  
20 quote, a designation that entailed no part  
21 number change, end of quote.

22                  Department of Justice said that

1 Toyota engineers did this explicitly to, quote,  
2 prevent their detection from NHTSA.

3 . And I know this is gone over with  
4 you time and time again, but I wanted to make  
5 sure we got that in the record, that we have  
6 had it occur with another car manufacturer.

7 Finally, I want to talk just for  
8 a minute about the nature of the defect. I'm  
9 confused about this.

10 When I was going through all the  
11 documents preparing for this hearing, in his  
12 testimony, Acting Administrator Friedman said  
13 that GM's own technical specifications for the  
14 Cobalt call for the airbag system to contain an  
15 independent power source that is armed and  
16 ready to fire for up to 60 seconds after the  
17 vehicle's power is cut off.

18 That's in GM's specifications to  
19 NHTSA.

20 Is that an accurate description  
21 of the technical specifications?

22 MS. BARRA: I don't know. I would

1 have to go back and review that, and I can  
2 provide that information.

3 CHAIRMAN McCASKILL: Because there  
4 seems to be a problem here because if the  
5 specifications say that airbag deploys when  
6 power is off, and we know these airbags are not  
7 deploying when power is off, then we've got a  
8 much bigger problem.

9 That means we could have airbags  
10 across the entire automobile industry that did  
11 not have the appropriate sensors in there that  
12 allow for deployment even when the power has  
13 gone off during some kind of collision or in  
14 this case because of a defective part.

15 That would be information we  
16 would also like you to follow up on.

17 MS. BARRA: Okay.

18 CHAIRMAN McCASKILL: Finally, two  
19 things for the record.

20 Will you commit to coming back in  
21 front of this committee when you can answer the  
22 questions?

1 MS. BARRA: Yes.

2 CHAIRMAN McCASKILL: And, secondly,  
3 all the information you are providing to NHTSA  
4 on Friday, would you be so kind as to provide a  
5 copy of all that information to this committee?

6 MS. BARRA: Yes.

7 CHAIRMAN McCASKILL: Thank you.

8 Senator Heller.

9 SENATOR HELLER: Thank you, Chairman.

10 You've answered most of the  
11 questions with the response that there is an  
12 ongoing investigation, you want to see the  
13 results of that.

14 Do you have a target date for  
15 when that review will be complete?

16 MS. BARRA: I'll have to have that  
17 done within 45 to 60 days tops.

18 SENATOR HELLER: I think that's  
19 important for us to know.

20 MS. BARRA: And I have asked  
21 Mr. Valukas to go as quickly as he possibly  
22 can, but not sacrifice accuracy for speed.

1 SENATOR HELLER: What opportunities  
2 will we have to review that?

3 MS. BARRA: As I said before, any  
4 information related to safety, anything related  
5 to this incident, anything we think would help,  
6 you know, from NHTSA, broader, we will provide  
7 it. Anything related --

8 The only thing we won't is issues  
9 of competitiveness or if there is privacy  
10 issues, we have to comply.

11 SENATOR HELLER: How broad will this  
12 review be?

13 MS. BARRA: I have asked Mr. Valukas  
14 to -- There is boundaries and there are no  
15 sacred cows.

16 I want to make sure we have a  
17 complete understanding because only with a  
18 complete understanding can we make all the  
19 changes we need to make from both a people and  
20 a process perspective.

21 SENATOR HELLER: Is Delphi a vendor or  
22 a subsidiary?

1 MS. BARRA: Delphi is a supplier, not  
2 a subsidiary.

3 SENATOR HELLER: Okay. Okay. Will  
4 this overview include looking at Delphi and  
5 their participation in this?

6 MS. BARRA: To the extent that  
7 Mr. Valukas goes in that direction, and we get  
8 information from them, yes.

9 SENATOR HELLER: I think it makes some  
10 sense to talk to people at Delphi and find out  
11 in their words, and perhaps bring them to this  
12 committee, to find out what their understanding  
13 and make -- to determine, you know, their  
14 involvement in this particular case.

15 Can you -- Can you tell us  
16 whether or not this is a one-time occurrence?

17 MS. BARRA: This is -- As I look at  
18 it, I see it as a very extraordinary situation.

19 There have been many, many cases  
20 where we have been quick to act from a safety  
21 recall process.

22 And as I mentioned before, often

1 we are known to do more recalls of smaller  
2 population, because we want to get to issues as  
3 quickly as we can.

4 SENATOR HELLER: So you have no recall  
5 of whether or not a similar situation has  
6 occurred in the past where a part, two  
7 different parts had the same part number?

8 MS. BARRA: I am not aware of that.

9 That is bad engineering.

10 SENATOR HELLER: Do you think it was  
11 an oversight on Delphi?

12 MS. BARRA: I don't know. And that's  
13 what I hope to learn with the investigation.

14 I want to understand all the  
15 parties involved and if they -- what they did,  
16 what was wrong, what was not following process,  
17 et cetera.

18 SENATOR HELLER: What would you  
19 consider the financial stability of GM in 2005,  
20 2006 and 2007 just before the taxpayers bailed  
21 them out?

22 MS. BARRA: Poor.

1 SENATOR HELLER: What would you  
2 have -- What do you think would have been the  
3 damage done to the public image if the company  
4 initiated a recall of these cars in 2005?

5 MS. BARRA: I can't -- I can't, you  
6 know, guess what that would have been.

7 Obviously it would have been less  
8 than it is now and it would have been much  
9 better to have this issue resolved because it  
10 clearly took too long.

11 SENATOR HELLER: Do you think GM would  
12 have survived if they would have recalled these  
13 cars in 2005?

14 MS. BARRA: I can't guess.

15 SENATOR HELLER: Do you think the  
16 company took that into consideration?

17 MS. BARRA: I did not take that into  
18 consideration and know of no one who did.

19 SENATOR HELLER: That perhaps GM would  
20 have gone under had they initiated a recall in  
21 2005?

22 MS. BARRA: I don't know.

1                   SENATOR HELLER: All right. Thank  
2 you, Mr. Chairman.

3                   CHAIRMAN McCASKILL: Senator Boxer.

4                   SENATOR BOXER: Ms. Barra, I really  
5 hate to say this, but if this is the new GM  
6 leadership, it's pretty lacking, and maybe this  
7 round you can change my mind, I'll give you  
8 another chance to.

9                   But leadership means stepping out  
10 with a fresh start, and I don't see it.

11                  For example, you had  
12 Mr. Blumenthal, Senator Blumenthal, show you  
13 the recall notice and you still won't say that  
14 everybody who has these cars should get rid of  
15 it, even though the recall notice says if your  
16 keychain is heavy or you go over rough roads.

17                  Have you seen this winter? In  
18 Vermont they had 94 occasions of snow. You  
19 know what that does to the infrastructure?

20                  Look, you should have said you're  
21 right.

22                  Then Mr. Markey, Senator Markey,

1 who is a great leader on this, says will you  
2 support just making transparent the reports of  
3 the company that there is a problem with the  
4 car, put it out there.

5 Oh, no, you can't -- you can't  
6 answer that either.

7 So then my question in March '05,  
8 your GM people said it cost too much to fix  
9 these cars. The code words, quote, none of the  
10 solutions represents an acceptable business  
11 case.

12 Now, that was a public document.  
13 GM gave that document over. Oh, you can't even  
14 talk to that. You don't know anything about  
15 anything.

16 And Madame Chairman, who is not  
17 here, I am going to ask unanimous consent to  
18 place in the record more pictures of Mary  
19 Theresa Ruddy's car and what kind of a death  
20 follows that kind of a crash. You can see from  
21 that.

22 So without objection I will put

1 that in.

2 Now, it's my understanding you  
3 are recalling many of your cars now, not all of  
4 them, you're giving -- But if people want to,  
5 they can say please pay for a loaner.

6 Is that correct?

7 MS. BARRA: That is correct.

8 SENATOR BOXER: Well, that is the  
9 right thing to do, but are you -- do you  
10 support a law that would say recalled cars like  
11 yours can no longer be rented or loaned?

12 Do you support a law like that?

13 MS. BARRA: If there is a safety issue  
14 on the vehicle, and we made sure on these  
15 vehicles that all -- that they're grounding all  
16 of these vehicles --

17 SENATOR BOXER: No, no. Do you  
18 support a proposed law by Senator McCaskill and  
19 myself that would say recalled cars like yours  
20 can no longer be rented or loaned?

21 We have a law. Do you support  
22 that law, that proposal, that bill?

1 MS. BARRA: I'd like to read the whole  
2 bill before I say if I support it or not.

3 SENATOR BOXER: You'd like to read it?  
4 You haven't read it?

5 MS. BARRA: No, I have not.

6 SENATOR BOXER: Well, it's been out a  
7 long time.

8 Are you aware that recalled cars  
9 can be rented or loaned? Are you aware of  
10 that?

11 MS. BARRA: I know --

12 SENATOR BOXER: So you can send your  
13 owner of one of these cars to a rental place or  
14 get a loaner, and they could lease and they  
15 could get a defective car.

16 Are you aware of that, that there  
17 is no law that says --

18 MS. BARRA: I know that, because I  
19 have checked for the vehicles here that they  
20 are grounded.

21 SENATOR BOXER: Say that again.

22 MS. BARRA: I -- For this specific

1 issue, one of the first things we did is made  
2 sure that the rental agencies --

3 SENATOR BOXER: I'm not asking that.

4 I'm asking you: Do you support a law that  
5 Senator McCaskill and I and Schumer and others  
6 have proposed that would say if a car is  
7 recalled, it cannot be leased or loaned?

8 MS. BARRA: My understanding is the  
9 rental community is voluntarily complying with  
10 that.

11 SENATOR BOXER: Do you support a  
12 law --

13 MS. BARRA: Conceptually --

14 SENATOR BOXER: -- yes or no?

15 MS. BARRA: Conceptually it makes  
16 sense. I would like to understand it better.

17 SENATOR BOXER: Well, conceptually is  
18 not the question.

19 Do you support the bill?

20 MS. BARRA: I haven't read it.

21 SENATOR BOXER: Well, you should since  
22 you were the CEO of GM when we got an e-mail

1 from your organization that you're a part of,  
2 the auto -- the manufacturers alliance opposing  
3 the bill. So you already were CEO, this is the  
4 new GM, and you oppose a law.

5 Now, you should know that my  
6 constituent Cally Houck, lost her two  
7 daughters, Rachel, 24, and Jacquie, 20, in a  
8 tragic accident caused by an unrepaired safety  
9 defect in a rental car they were driving.

10 So Senators Schumer and  
11 McCaskill, we wrote the Rachel and Jacqueline  
12 Houck Safe Rental Car Act and you know what?  
13 The rental car people support it, but you  
14 don't. The automobile manufacturers don't.

15 So you are essentially bragging  
16 today, if I may use the word, that you're  
17 telling your people, oh, go get another car,  
18 but at the same time your lobbying organization  
19 is opposing a bill that would make sure that no  
20 one, no one, would die the way they died.

21 So I would say, Madame Chairman,  
22 I am so grateful to you and Senator Heller for

1 this hearing. These issues run deep, and we  
2 have work to do, and I am very disappointed.  
3 Really. As a woman to woman. I am very  
4 disappointed because the culture that you are  
5 representing here today is a culture of the  
6 status quo.

7 Thank you.

8 CHAIRMAN McCASKILL: Senator  
9 Klobuchar.

10 SENATOR KLOBUCHAR: Thank you, Madame  
11 Chairman. I just have a few specific follow-up  
12 questions, Ms. Barra.

13 In your testimony you mentioned  
14 the steps GM has taken in terms of this recall,  
15 and because the recall focuses on model year  
16 vehicles built way back from 2003 to 2007, I  
17 wonder how many of these vehicles are now on  
18 their second and third owners and if this is  
19 creating challenges to reach these owners and  
20 if there is anything more that can be done.

21 MS. BARRA: One of things that we  
22 would very much support is some type of

1 database, I don't know the right agency to  
2 manage it, where we would have the latest  
3 owners attached to the VINs.

4                   What we do when we have this  
5 issue, because we want to get second, third,  
6 however many owners there are, is we go to  
7 Polk, where registration data is kept, and  
8 that's how we get the latest information, but  
9 if there was something that allowed that, you  
10 know, there was a master database as such that  
11 you always knew what VIN and who was the  
12 registered owner, that would be incredibly  
13 helpful.

14                  SENATOR KLOBUCHAR: Okay. And this  
15 would be something from the Department of  
16 Transportation or --

17                  MS. BARRA: Or NHTSA, I'm not sure  
18 which agency would do that, but that would be  
19 something I think would be very beneficial.

20                  SENATOR KLOBUCHAR: Okay. Well, we  
21 should approach them about that on -- with the  
22 next questions.

1                   Ms. Barra, GM received, and I  
2 think some of my colleagues have gone over  
3 this, but consumer complaints related to the  
4 faulty switch for years evidenced back to 2011.

5                   Internally what we've learned is  
6 that the company conducted reviews, issued  
7 service bulletins to dealers on how to advise  
8 customers on the problem, and even approved  
9 redesigns of the ignition switches, but none of  
10 this was ever made public.

11                  And, as we know, we didn't get  
12 this formal investigation by 2011.

13                  Was it that GM management felt  
14 that they could handle this internally and make  
15 these changes?

16                  And I know you're doing this  
17 investigation but --

18                  MS. BARRA: I'm trying to understand  
19 it as well because it took way too long. I  
20 understand if it had been handled more quickly,  
21 there -- Once there is a safety issue, it  
22 should never have a business case that goes

1 against it in making any part of decision  
2 making, and we go forward now, there isn't any,  
3 so I am as disturbed as you, I want to  
4 understand, and I commit to you I will make  
5 change, both people and process.

6 SENATOR KLOBUCHAR: Delphi Automotive,  
7 the company that produced the ignition switches  
8 that are linked to this defect, has informed  
9 congressional investigators that GM approved  
10 the original part in 2002 even though it didn't  
11 meet GM specifications for torque performance.

12 Do you think it met those  
13 specifications?

14 MS. BARRA: It -- I understand there  
15 is documentation that exists that says it  
16 didn't, and that's what I have to understand,  
17 why that happened.

18 SENATOR KLOBUCHAR: And then last, in  
19 your testimony you mentioned you had named a  
20 new Vice President for Global Vehicle Safety.

21 I think that sounds like a pretty  
22 good idea right now, but I was surprised there

1 wasn't already a person high up in the company  
2 dedicated solely to safety.

3 Will the person in the position  
4 be involved with key decisions related to  
5 safety that are made by upper management?

6 MS. BARRA: This person will have free  
7 rein and have input, have a team and access to  
8 all information across.

9 We're going to be investing more  
10 resources for this individual so they can use  
11 the right data analytic tools to sometimes put  
12 the pieces together more quickly.

13 He will sit on -- or head of  
14 vehicle development for the entire globe, his  
15 staff, and he will meet with me on a monthly  
16 basis and meet with our board on a quarterly  
17 basis.

18 SENATOR KLOBUCHAR: And how are you  
19 going to measure if it's working or not, what,  
20 you know, his success is in that position?

21 MS. BARRA: Again, I will look to make  
22 sure how quickly -- when we learn of an issue

1 how quickly we understand it and implement  
2 change and work with NHTSA and take the  
3 necessary steps all the way up to and including  
4 a safety recall.

5 SENATOR KLOBUCHAR: And do other  
6 automobile companies have a person in place  
7 like this, a position like this?

8 MS. BARRA: I haven't done a read  
9 across of other OEM's to look at that.

10 SENATOR KLOBUCHAR: Okay. Well, I'm  
11 going to put the letter in the record from our  
12 constituent who perished in the car crash named  
13 Natasha Weigel, and I think, just as many of  
14 these other senators, my thoughts and prayers  
15 are with her family as they pursue justice, and  
16 all the families behind you, and obviously  
17 there is a lot more work to do, so thank you  
18 for appearing today.

19 CHAIRMAN McCASKILL: Senator  
20 Blumenthal.

21 SENATOR BLUMENTHAL: Thank you, Madame  
22 Chairman, and thank you for committing to

1 continue these hearings.

2 Ms. Barra, we were talking about  
3 the recall notice, and I was pointing out that  
4 you said there is no risk as long as people  
5 don't add keys to the ignition key.

6 Is that correct?

7 MS. BARRA: I said that there's been  
8 extensive engineering analysis and testing done  
9 that demonstrates that the weight of the key or  
10 the key and just the ring --

11 SENATOR BLUMENTHAL: Who has done the  
12 analysis?

13 MS. BARRA: General Motors engineers.

14 SENATOR BLUMENTHAL: Would you commit  
15 to making them available to us?

16 MS. BARRA: Yes.

17 SENATOR BLUMENTHAL: And would you  
18 commit to providing documents that support that  
19 analysis, any documents in connection with that  
20 analysis?

21 MS. BARRA: Yes.

22 SENATOR BLUMENTHAL: Thank you. Now,

1 are you saying the recall notice is wrong,  
2 because the recall notice says risk increases  
3 with rough roads or jarring events.

4 MS. BARRA: I think it was trying to  
5 capture the elements of what's --

6 SENATOR BLUMENTHAL: Well, do you  
7 agree or disagree?

8 MS. BARRA: I'm sorry.

9 SENATOR BLUMENTHAL: I apologize for  
10 interrupting.

11 Are you saying that the recall  
12 notice is wrong?

13 MS. BARRA: No.

14 SENATOR BLUMENTHAL: So that people  
15 should not drive on rough roads or with jarring  
16 events using one of the recalled unrepainted  
17 automobiles?

18 MS. BARRA: I think the notice was  
19 trying to be descriptive of the situation where  
20 it's most likely to occur, but again the  
21 testing is related to the key.

22 SENATOR BLUMENTHAL: What would it

1 take to change your view that people should not  
2 be driving these unrepaired recalled cars?

3 . . . If I came to you with a hundred  
4 events of people finding that they lose power  
5 and control of their cars, would that persuade  
6 you?

7 MS. BARRA: It wouldn't take a hundred  
8 events. I mean --

9 SENATOR BLUMENTHAL: It would take  
10 ten?

11 MS. BARRA: It wouldn't -- It would  
12 take -- I mean, my understanding is with the  
13 key or the key and the ring, the incident --  
14 this phenomenon that caused these issues will  
15 not occur. If it was anything more than  
16 that --

17 SENATOR BLUMENTHAL: But if I came to  
18 you with those events, and there are those  
19 events, would that persuade you?

20 MS. BARRA: I'm not aware of any  
21 events where it was just the key or the key  
22 ring where that occurred.

1 SENATOR BLUMENTHAL: If I came to  
2 you --

3 MS. BARRA: Yes, it would.

4 SENATOR BLUMENTHAL: If I came to you  
5 with the death of a young woman who went to  
6 school not far from here who was driving one of  
7 these cars unrepainted and was killed when her  
8 airbag was disabled because of this defect,  
9 would it change your view?

10 MS. BARRA: Senator Blumfeld (sic), my  
11 response is in two -- if it's just the key or  
12 the key and the ring, that's the analysis we  
13 have done to indicate that these vehicles are  
14 safe to drive.

15 SENATOR BLUMENTHAL: I know you've  
16 done that analysis, but would it change your  
17 view on whether you would recommend to your  
18 customers that this car is fine to drive, no  
19 risk, so long as you don't add keys to the  
20 ignition?

21 MS. BARRA: I guess I'm not clear on  
22 what you're asking me.

1 SENATOR BLUMENTHAL: I'm asking  
2 whether that additional information, you're an  
3 engineer --

4 MS. BARRA: Well, but --

5 SENATOR BLUMENTHAL: -- based on --

6 MS. BARRA: -- what additional  
7 information are you providing?

8 SENATOR BLUMENTHAL: About deaths or  
9 loss of power and control over cars, those  
10 kinds of events in cars that have this defect  
11 and encounter rough roads or jarring events.

12 MS. BARRA: Senator, if I had any  
13 data, any incidence, where with just the key or  
14 the key and the ring there was any risk, I  
15 would not have -- I would ground these vehicles  
16 across -- across the country.

17 SENATOR BLUMENTHAL: Have you ever  
18 been in a car that has lost control over power  
19 steering, brakes?

20 MS. BARRA: I've been in a vehicle  
21 that lost power steering and power brakes.

22 SENATOR BLUMENTHAL: Driving

1 privately, not in a test vehicle?

2 MS. BARRA: I was driving on public  
3 roads, so it wasn't a test vehicle. It was a  
4 motor -- a safe vehicle to be on the roads.

5 SENATOR BLUMENTHAL: Pretty  
6 frightening.

7 MS. BARRA: It's -- it can be  
8 startling.

9 SENATOR BLUMENTHAL: And have you --  
10 Have you spoken to families?

11 MS. BARRA: I did speak to the  
12 families on Monday night.

13 SENATOR BLUMENTHAL: And you've  
14 mentioned GM's civic responsibility.

15 Don't you believe it has a moral  
16 responsibility here to advise more strongly its  
17 customers about these potential risks?

18 MS. BARRA: We are going on  
19 multi-dimension communications, letters to  
20 people, we're monitoring social media, we have  
21 a dedicated website.

22 We are working multiple channels

1 to make sure we communicate with the  
2 individuals that would own these vehicles or  
3 drive these vehicles.

4 SENATOR BLUMENTHAL: Let me just say,  
5 because my time has expired, again first my  
6 thanks for facing these questions.

7 This GM is not the old GM, it's  
8 not even the pre-2014 GM.

9 What you're doing now is  
10 incurring both legal and moral responsibility  
11 for the actions that you're taking or failing  
12 to take, and I will tell you that the more I  
13 hear and see in these documents, the more I  
14 learn about what happened before the  
15 reorganization and in connection with the  
16 reorganization, the more convinced I am that GM  
17 has a real exposure to criminal liability.

18 In fact, I think it's likely and  
19 appropriate that GM will face prosecution based  
20 on this evidence.

21 And I think the more that you can  
22 do as a leader of GM to come forward and do the

1 right thing now the better it will be for the  
2 future of the company.

3 So I hope to continue to work  
4 with you and hope that you review the  
5 legislation that's been offered because going  
6 forward it can make a real difference.

7 Thank you, Madame Chairman.

8 CHAIRMAN McCASKILL: Senator Ayotte.

9 SENATOR AYOTTE: Thank you, Madame  
10 Chair.

11 As I understand it, at this point  
12 nobody within GM has been fired as a result of  
13 the issue that comes before us today on the  
14 ignition switch and obviously this long pattern  
15 of having information and not providing  
16 disclosure and recall to the public.

17 Is that true, nobody yet has been  
18 fired?

19 MS. BARRA: I think it's important to  
20 do a complete investigation, but we will take  
21 the appropriate action, but, yes, that's true.

22 SENATOR AYOTTE: So one thing, you've

1 hired Mr. Valukas to conduct this internal  
2 investigation, and I assume GM is paying  
3 Mr. Valukas, correct?

4 MS. BARRA: Correct.

5 SENATOR AYOTTE: Now, I am aware of  
6 his qualifications and certainly I think that  
7 he is a very qualified individual; however it  
8 seems to me, how will you guarantee that  
9 basically all of the individuals who -- or  
10 maybe not all of them, maybe some of them are  
11 no longer with the company, but I think we can  
12 guess that many of the individuals who were  
13 involved in the decisions that led us to where  
14 we are today are still at GM or potentially  
15 could be at GM, and we already have the  
16 situation that the Chair mentioned with regard  
17 to the failure to disclose in the litigation  
18 documentation that was directly relevant to the  
19 litigation that showed the change in terms of  
20 the part and the failure to create a new number  
21 for the change in the defective ignition  
22 switch, and I guess -- I guess I'm -- I'm very

1 concerned how are you as CEO going to guarantee  
2 that no documents are withheld from not only  
3 Mr. Valukas, but also investigations that are  
4 being conducted by the government, and how are  
5 you going to ensure that given that the people  
6 that Mr. Valukas is going to be focused on, I  
7 think many of them are going to be worried  
8 about their own future and liability, whether  
9 its civil or criminal liability, that you  
10 actually can get to the bottom of this with  
11 this internal investigation?

12 MS. BARRA: Again, Mr. Valukas I think  
13 is very experienced in doing this.

14 He has several decades worth of  
15 experience and has the highest integrity.

16 I certainly know he is not going  
17 to compromise his reputation for General  
18 Motors, and I have confidence based on the fact  
19 he has done investigations in the past, and we  
20 have acted -- gotten to the truth by, you know,  
21 going to multiple -- multiple sources to get to  
22 the truth and we will act on it, and we have

1 demonstrated that we would up to and including  
2 discharging people.

3 SENATOR AYOTTE: And I have no doubt,  
4 as I've said, about Mr. Valukas'  
5 qualifications.

6 Will you -- Have you already  
7 segregated all the documents and put them aside  
8 that are related to this issue because -- and  
9 evidence that you are aware of now so that  
10 Mr. Valukas at least has that set aside?

11 Because at the moment, you know,  
12 given the potential liability that we're  
13 facing, it seems to me, and you're potentially  
14 facing, that this is a very important issue to  
15 ensure that no one can interfere with that at  
16 this point?

17 MS. BARRA: I agree with you, it is a  
18 very important investigation and that's one of  
19 reasons we only have one independent person  
20 doing that investigation.

21 And there are, I believe, over  
22 200 people who already have, you know, document

1 litigation hold, so we are doing everything  
2 that we can to make sure he has access to  
3 everything and anyone he wants.

4 SENATOR AYOTTE: So you have actually  
5 already set aside to ensure that that these  
6 documents are preserved and anyone that he  
7 needs access to is -- he is able to have access  
8 to?

9 MS. BARRA: I would say anyone he  
10 wants to have access to, he will have access  
11 to.

12 When you use the term "set  
13 aside", again everybody has been placed, that  
14 is remotely in connection on litigation on hold  
15 so they cannot, you know, the documents exist  
16 and they're on notice that they cannot do  
17 anything with their documents.

18 SENATOR AYOTTE: Well, it seems me  
19 that they may not be on notice they cannot do  
20 anything with their documents, but I would hope  
21 that you as CEO would be making sure that it's  
22 not just you're telling that to people, but you

1 actually are ensuring that these documents  
2 can't be interfered with beforehand or  
3 undertakes his investigation.

4 And my question to you would be  
5 when this investigation is conducted, I  
6 appreciate that you said you're willing to come  
7 back to the committee -- and we thank you for  
8 that -- will you make Mr. Valukas available to  
9 this committee?

10 MS. BARRA: I think that would be  
11 Mr. Valukas' option, not my decision to make  
12 for him.

13 SENATOR AYOTTE: Well, you've hired  
14 him --

15 MS. BARRA: I --

16 SENATOR AYOTTE: -- and as far as I  
17 know, when you hire someone to conduct an  
18 investigation, because I've done it before as  
19 attorney general of our state, one of the terms  
20 that I would want to work out up front is will  
21 you be willing to present the results of your  
22 investigation and to whom would you be willing

1 to present them to.

2 So you have not come to that  
3 agreement with him?

4 MS. BARRA: I would share the results  
5 of the investigation.

6 As I've further -- as I've  
7 already said, I would share with this  
8 committee, with Congress, with NHTSA, and with  
9 our employees and customers.

10 SENATOR AYOTTE: Well, I guess I think  
11 that if you're going to have  
12 confidence, and you've said multiple times in  
13 this hearing, that you're confident with  
14 Mr. Valukas, I don't question his credentials,  
15 he's got exemplary credentials, and it seems to  
16 me that we would want to hear -- obviously  
17 appreciate your testimony as the CEO and  
18 certainly want to hear what steps you're taking  
19 to address this issue, but I would think it  
20 would be important for this committee actually  
21 to hear directly from Mr. Valukas on the  
22 investigation itself and what the scope of his

1 investigation was.

2 So thank you.

3 CHAIRMAN McCASKILL: Thank you,

4 Ms. Barra.

5 I know if I go back and review  
6 this hearing I will say to myself, you got too  
7 excited and you went too hard, but the passion  
8 is real on this side of the table, so to the  
9 extent that this has been rough day for you, it  
10 is coming from the right place.

11 It is coming from a deep  
12 commitment that many of us have to these  
13 families and to automobile safety in this great  
14 country of ours.

15 You had a great company and  
16 you've got an enormous responsibility to get  
17 this right.

18 We appreciate you being here, and  
19 I can't promise that the next time you're here  
20 I will not get as aggressive as I have today,  
21 but I do think it's important that we point out  
22 the many problems that these facts present to

1 you and your company and to the legacy of  
2 General Motors going forward.

3 This is an incredibly important  
4 moment in your corporate history and you are --  
5 you're in charge and you've got to make some  
6 very tough decisions going forward.

7 And we will be monitoring all  
8 those decisions and we will look forward to  
9 having you back here to testify when you can go  
10 into the details of investigation.

11 And I would ask that you make  
12 sure that your investigator look at a pattern  
13 of -- legal counsel in your corporation, how  
14 are they cooperating with litigation, why are  
15 they requiring confidential settlements.

16 I think that is something that we  
17 need to understand because it is, in fact,  
18 because of those confidential settlements that  
19 many of these problems do not get the light of  
20 air that they should, and I am just glad that  
21 in this instance Mr. Cooper and his engineer,  
22 Mr. Hood, did what they did because they

1 performed the valuable service to this country  
2 that should have been performed by your company  
3 and by the federal regulators.

4 Thank you very much for being  
5 here.

6 (WHEREUPON, a short recess  
7 was taken.)

8 CHAIRMAN McCASKILL: I want to thank  
9 you very much, Mr. Friedman, who is the Acting  
10 Administrator of the National Traffic Highway  
11 Safety Administration, and Mr. Calvin Scovel,  
12 Inspector General of the U.S. Department of  
13 Transportation. I thank you both for being  
14 here today. We look forward to your testimony.

15 And we will begin with you,  
16 Mr. Friedman.

17 DAVID FRIEDMAN,  
18 called as a witness herein, testified before  
19 the Subcommittee as follows:

20 MR. FRIEDMAN: Thank you, Chairman.  
21 Chairman McCaskill, Ranking  
22 Member Heller, members of the committee, thank

1 you for the opportunity to appear before you  
2 today.

3 To begin, I would like to say  
4 that on behalf of everyone at NHTSA, we are  
5 deeply saddened by the lives lost in crashes  
6 involving the General Motors ignition switch  
7 defect.

8 The victims, families and  
9 friends, several of whom I know were at the  
10 hearing yesterday, and some whom may be here  
11 today, have suffered greatly, and I am deeply  
12 sorry for their loss.

13 Safety is NHTSA's top priority  
14 and our own employees go to work every day  
15 trying to prevent tragedies like this.

16 Our work reducing dangerous  
17 behaviors behind the wheel, improving the  
18 safety of vehicles and addressing safety  
19 defects has helped reduce highway fatalities to  
20 historic lows not seen since 1950.

21 In the case of the recently  
22 recalled General Motors vehicles, we are first

1 focused on safety and ensuring that General  
2 Motors identifies all vehicles with a defective  
3 ignition switch, fixes these vehicles quickly  
4 and is doing all it can to inform consumers  
5 about how to keep themselves safe.

6 We are also investigating whether  
7 General Motors met its responsibilities to  
8 report and address this defect as required  
9 under federal law.

10 If it failed to do so, we will  
11 hold General Motors accountable, as we have in  
12 other cases over the last five years, which  
13 have led to record fines on automakers.

14 Internally at NHTSA and the  
15 department, we have already begun a review of  
16 our actions and assumptions in this case to  
17 further our ability to address potential  
18 defects.

19 Today I will share what I have  
20 learned so far.

21 In this case, NHTSA used consumer  
22 complaints and early warning data, three

1 special crash investigations on the Cobalt,  
2 industry website and agency expertise on airbag  
3 technology.

4 Some of that information did  
5 raise concerns about airbag non-deployments in  
6 these vehicles, so in 2007 we convened an  
7 expert panel to review that information.

8 Our consumer complaint data on  
9 injury crashes with airbag non-deployments  
10 showed that neither the Cobalt nor the Ion  
11 stood out when compared to similar vehicles.

12 The two SCI crash reports we  
13 reviewed at the time were inconclusive on the  
14 cause of non-deployment.

15 The reports noted that the  
16 airbags did not deploy and the power mode was  
17 in accessory mode, but these crashes involved  
18 unbelted occupants and off-road conditions that  
19 began with relatively small collisions where,  
20 by design, airbags are less likely to deploy in  
21 order to avoid doing more harm than good.

22 Further, power loss is not

1       uncommon in crashes where airbags deploy and  
2       did not stand out as a reason for  
3       non-deployment.

4                     In light of these factors, NHTSA  
5       did not open an investigation.

6                     We continued monitoring the data,  
7       however, and in 2010 found that the related  
8       consumer complaint rate for the Cobalt had  
9       decreased by nearly half since the 2007 review.

10                  Based on our engineering  
11       expertise and our processes, the data available  
12       for NHTSA at the time was not sufficient to  
13       warrant opening a formal investigation, so the  
14       question we're all asking is:

15                  What does this all mean?

16                  From my perspective it means that  
17       NHTSA was concerned and engaged on this issue.

18                  This was a difficult case where  
19       we used tools and expertise that over the last  
20       decade have successfully resulted in 1,299  
21       recalls, including 35 recalls on airbag  
22       non-deployments alone.

1                  Those tools and expertise have  
2 served us well, and we will continue to rely on  
3 them, but also to improve them.

4                  For example, we have already  
5 invested in advanced computer tools to improve  
6 our ability to spot defects and trends and are  
7 planning to expand that effort.

8                  But what we know, what we now  
9 know, also clearly means that we need to  
10 challenge our assumptions and look at how we  
11 handle difficult cases like this going forward.

12                 So we are looking to better  
13 understand how manufacturers deal with vehicle  
14 power loss and airbags, especially when the  
15 ignition switch is turned.

16                 We are also considering ways to  
17 improve the use of crash investigations in  
18 identifying defects.

19                 We are reviewing ways to address  
20 what appear to be remote defect possibilities  
21 and evaluating our approach to engaging  
22 manufacturers in all stages of our defects

1 process.

2                   Between these efforts and those  
3 of the department's Inspector General, I know  
4 that we will continue to improve our ability to  
5 identify vehicle defects and ensure they are  
6 fixed.

7                   But now I want to close on one  
8 important note:

9                   Our ability to find defects also  
10 requires automakers to act in good faith and  
11 provide information on time.

12                  General Motors has now provided  
13 new information definitively linking airbag  
14 non-deployment to faulty ignition switches,  
15 identifying a part change and indicating  
16 potentially critical supplier conversations on  
17 airbags.

18                  Had this information been  
19 available earlier, it would have likely changed  
20 NHTSA's approach to this issue.

21                  The reality, however, is both  
22 NHTSA and the auto industry as a whole must

1 look to improve.

2 Madame Chairman, Ranking Member,  
3 members of the committee, I greatly appreciate  
4 the opportunity to testify before you today.

5 Thank you.

6 CHAIRMAN McCASKILL: Thank you,  
7 Mr. Friedman.

8 Mr. Scovel.

9 CALVIN SCOVEL,  
10 called as a witness herein, testified before  
11 the Subcommittee as follows:

12 MR. SCOVEL: Chairman McCaskill,  
13 Ranking Member Heller, members of the  
14 subcommittee, thank you for inviting me to  
15 testify at this important hearing on vehicle  
16 safety.

17 Since 2002 our office has  
18 identified opportunities for NHTSA to improve  
19 its efforts to address safety defects.

20 Today I will focus on NHTSA's  
21 actions to address major weaknesses we reported  
22 in 2011.

1                   I will also discuss how our work  
2 can help lead to strong actions against  
3 automakers that choose to withhold critical  
4 safety data from NHTSA.

5                   In 2011 we reported that NHTSA's  
6 Office of Defects Investigation needed  
7 improvement in four key areas.

8                   The first area concerns one of  
9 ODI's most critical functions, to determine  
10 when to investigate allegations of safety  
11 defects.

12                  ODI did not adequately track its  
13 disposition of consumer complaints or document  
14 decisions about whether to investigate, leaving  
15 its decisions open to interpretation and  
16 subject to questions after-the-fact.

17                  NHTSA completed actions to  
18 address the three recommendations we made to  
19 improve ODI's process for recommending  
20 investigations, including modifying its central  
21 database for safety defect information to track  
22 its reviews of consumer complaints.

1                   We identified similar process  
2 weaknesses in ODI's documentation of open  
3 investigations.

4                   Some investigation files did not  
5 include sufficient information on meetings with  
6 manufacturers, consumer complaint  
7 identification numbers or a determination of  
8 testing needs.

9                   In one investigation ODI did not  
10 sufficiently document the basis for its  
11 decision to close the case.

12                  Consistent with our  
13 recommendation to strengthen controls, NHTSA  
14 developed a standard checklist for documenting  
15 the evidence investigators collect.

16                  ODI also lacked a systematic  
17 process for determining when to use third-party  
18 assistance to test for potential mechanical or  
19 electronic defects and to validate information  
20 manufacturers provide.

21                  In response to our  
22 recommendation, NHTSA established the framework

1 for determining when third-party assistance  
2 should be used.

3 Finally, NHTSA lacked processes  
4 for ensuring an adequate and well-trained  
5 investigative work force.

6 In response to our  
7 recommendations, NHTSA developed a formal  
8 training program to help ensure its  
9 investigators stay current on technology  
10 advancements in the automotive industry and  
11 plans to complete by the end of May a work  
12 force assessment to determine the number and  
13 most effective mix of staff needed to achieve  
14 ODI's objectives.

15 We believe NHTSA's enhanced  
16 processes will put the agency in a better  
17 position to identify and investigate vehicle  
18 safety defects; however, the success of these  
19 process improvements will depend on how  
20 effectively ODI uses and applies them when  
21 conducting its analyses and investigations.

22 At the secretary's request, we

1 will initiate an audit building on our previous  
2 reviews of NHTSA's efforts to identify and  
3 investigate vehicle safety defects.

4                   Despite the department's best  
5 efforts to improve its safety defect analyses  
6 and investigations, vehicle safety will remain  
7 a concern if automakers conceal vital  
8 information.

9                   The Toyota case perfectly  
10 demonstrates the risk involved when automakers  
11 withhold critical safety data and fail to  
12 report defects to NHTSA.

13                  Our investigators participated in  
14 the multi-agency criminal probe of Toyota,  
15 reviewing approximately 400,000 documents and  
16 interviewing more than 100 individuals.

17                  Last month Toyota forfeited  
18 \$1.2 billion for intentionally concealing  
19 information on vehicle defects from NHTSA.

20                  This penalty, the largest of its  
21 kind, sends a clear message to auto  
22 manufacturers; safety is and will remain DOT's

1 and OIG's highest priority.

2                   To this end we expect the  
3 industry to be vigilant and forthcoming to keep  
4 the public safe.

5                   We will continue to assess  
6 NHTSA's efforts to identify and investigate  
7 vehicle safety defects and stand ready to  
8 investigate allegations of wrongdoing by auto  
9 manufacturers.

10                  Finally, Chairman McCaskill, with  
11 your permission I would like to offer these  
12 words to the families and friends of those who  
13 have been lost in crashes involving GM's  
14 defective ignition switches. I offer you my  
15 deepest sympathy.

16                  My staff, and the Office of  
17 Inspector General and I, are resolved to  
18 determine what NHTSA knew of this safety  
19 defect, when it knew it, and what actions NHTSA  
20 took to address it.

21                  We will also examine NHTSA's  
22 current safety defect investigation processes

1 and make recommendations for improvement.

2                   The secretary has asked us for  
3 this, the Congress expects this of us, and you,  
4 the family and friends and victims, deserve  
5 this of us.

6                   I give you my word: We will do  
7 our duty.

8                   This concludes my prepared  
9 statement. I'll be happy to answer any  
10 questions you or other members of the  
11 subcommittee may have.

12                  CHAIRMAN McCASKILL: Thank you, very  
13 much, Mr. Scovel.

14                  I know that there was a  
15 \$1.2 billion settlement in conjunction with the  
16 criminal investigation, actually technically it  
17 was a wire fraud charge that the forfeiture  
18 occurred around, but the failure to give  
19 information to NHTSA or to lying to NHTSA, that  
20 is capped at \$35 million, so if you don't have  
21 a situation that the facts lend themselves to a  
22 criminal prosecution, but rather it's a

1 withholding of information -- which, by the  
2 way, would be a negligent withholding of  
3 information it wouldn't have to be an  
4 intentional withholding of information -- is  
5 \$35 million enough?

6 I mean, is that really a  
7 deterrent to -- to companies like General  
8 Motors or Toyota or Chrysler or any of the  
9 companies that are supposed to be giving this  
10 data?

11 MR. FRIEDMAN: Senator, when we find  
12 evidence that automakers have not acted in a  
13 timely manner, we will fine them to the maximum  
14 extent allowed by law.

15 In the last Congress we did  
16 support increasing that fine to \$300 million.

17 CHAIRMAN McCASKILL: And do you  
18 believe that's necessary, too, Mr. Scovel?

19 MR. SCOVEL: Senator McCaskill, I  
20 believe that's a policy consideration for the  
21 administration and for the Congress.

22 In considering the purposes

1 behind such -- such penalties, whether it be  
2 those that can be similarly related to the  
3 basis for sentencing in criminal proceeding,  
4 retribution, prevention, deterrents,  
5 rehabilitation, simply deterrents is one factor  
6 that the Congress and the department ought to  
7 consider in deciding whether to raise the  
8 penalty from \$35 million to any figure above  
9 that, whether it's a question of is \$35 million  
10 regarded by some automakers as simply a cost of  
11 doing business, that can certainly be a  
12 conclusion that some may draw from it.

13                   There may well be information  
14 that an inspector general or the government  
15 accountability office may be able to derive  
16 through an audit process to help the Congress  
17 and the department make that determination.

18                   CHAIRMAN McCASKILL: I know you  
19 mentioned the work force assessment that's  
20 ongoing.

21                   I think I was struck when going  
22 through the materials for this hearing because

1 I asked the question about your budget,  
2 Mr. Friedman, especially for defect  
3 investigations.

4 Your budget has been at  
5 \$10 million for defect investigations for a  
6 decade.

7 Now, this is a decade that has  
8 seen major changes in automobile manufacturing,  
9 it has seen a much more complicated engineering  
10 scenario where we have interdependence of  
11 computers.

12 You know, it is -- it is -- the  
13 complexity has gone up exponentially over the  
14 last decade.

15 Do you believe that \$10 million  
16 is adequate to spend in this country for  
17 defects investigation for the entire automobile  
18 industry?

19 MR. FRIEDMAN: Senator, the president  
20 has requested an increase in our budget across  
21 NHTSA in order to better increase our abilities  
22 to address the wide variety of challenges we

1 face.

2                   In 2012 alone, 33,561 lives were  
3 lost on our highways due to a variety of  
4 factors, whether it was impaired driving, not  
5 wearing seatbelts, safety technology that  
6 hadn't yet been brought into the fleet, as well  
7 as a smaller portion of that associated with  
8 defects.

9                   We have been asking to increase  
10 our budget because each one of those lives lost  
11 is a tragedy and --

12                  CHAIRMAN McCASKILL: But within your  
13 budget, Mr. Friedman, you are not asking for an  
14 increase in the defects investigation.

15                  I mean, the budget that's been  
16 submitted doesn't show an increase.

17                  MR. FRIEDMAN: I believe --

18                  CHAIRMAN McCASKILL: The money is  
19 going other places in your agency.

20                  MR. FRIEDMAN: I believe we have asked  
21 for some -- some increases in resources,  
22 certainly some increases in staff, and part of

1 what we have been doing is investing -- using  
2 our resources to invest in technology to make  
3 our effort significantly more efficient.

4                   One of the things that we have  
5 done is invest in a new computer tool that's  
6 derived from IBM's Watson technology in order  
7 to enhance our ability to find patterns, to  
8 quickly get to those patterns, to connect  
9 information, and we do have plans to continue  
10 expanding that effort.

11                  We need to put more tools in  
12 place to be able to sift through the data that  
13 we have so that we can find these patterns or  
14 examples of defects and get them fixed.

15                  CHAIRMAN McCASKILL: In 2007 you  
16 considered opening an investigation into airbag  
17 non-deployment, as you mentioned in your  
18 testimony; you choose not to.

19                  Was that -- Was the basis of that  
20 decision recorded anywhere?

21                  MR. FRIEDMAN: I don't believe we have  
22 complete records of that. This goes back to

1 one of the findings --

2 CHAIRMAN McCASKILL: Right.

3 MR. FRIEDMAN: -- in the Inspector  
4 General's report.

5 Frankly, it is something that  
6 is -- that is currently hamstringing our  
7 ability to fully pull together all of what  
8 happened.

9 However, I do have staff actively  
10 working on making sure we understand what  
11 happened, but that is something that has  
12 changed and it is something that we will have  
13 going forward, already have and will continue  
14 to have going forward that hopefully a case  
15 like this will not happen again, but if it  
16 does, we will have better resources to be able  
17 to understand exactly what happened.

18 CHAIRMAN McCASKILL: I think we need  
19 to have the resources and the expertise at  
20 NHTSA to find these defects and then obviously  
21 we've got to have a transparency of the process  
22 that is available to the public and available

1 to anyone who wants to see it, and part of the  
2 complaints I hear about NHTSA is that it is  
3 very difficult sometimes to get information out  
4 of NHTSA by safety advocates that are trying to  
5 do their work in the public arena in terms of  
6 safety, and I think we will continue to follow  
7 up on that.

8 Senator Heller.

9 SENATOR HELLER: Thank you, Madame  
10 Chairman. Thanks for this hearing and thanks  
11 for those that are testifying for being here  
12 today.

13 Mr. Friedman, I have to admit  
14 that I am a little frustrated with your  
15 administration.

16 We -- I had sent a letter in --  
17 in anticipation of getting the results to  
18 questions prior to this hearing, and I think I  
19 was assured that it would come before today,  
20 last night in particular, and of course that  
21 didn't happen.

22 So with the Chairman's

1 permission, I will submit the questions and the  
2 letter to the record, if there is no  
3 objections, and I believe I have no other  
4 alternative but to ask you the questions here  
5 and now if I can't get it in writing.

6 So the first question I have:

7 Did GM report all consumer  
8 complaints related to the stalling incidents  
9 and airbag failures that it considered in the  
10 recall to NHTSA?

11 MR. FRIEDMAN: Senator, first, if I  
12 may apologize, I'm sorry we're not able to get  
13 you the answers to your questions.

14 I know the same is the case with  
15 several other members.

16 Our focus on making sure that we  
17 were addressing the safety issues and  
18 responding to the committee has taken up a  
19 significant amount of our time, but I will get  
20 you a letter -- a response to your letter this  
21 week.

22 But in terms of your question,

1 General Motors reports to us the counts of  
2 complaints, but they do not provide to us the  
3 detailed complaints themselves.

4 SENATOR HELLER: So what actions do  
5 you take based on that information?

6 MR. FRIEDMAN: Well, we use that  
7 information, the number of their complaints,  
8 along with a wide variety of other pieces of  
9 information, both that they provide and that we  
10 gather ourselves through our complaint data  
11 base, through our special crash investigations,  
12 through industry websites and other resources,  
13 we look at that data.

14 We have an Early Warning Division  
15 that is focused exclusively on looking at the  
16 early warning data, which would include  
17 complaint numbers and other data.

18 And we have a Defects Assessment  
19 Division that focuses on consumer complaints  
20 and compiling the information.

21 We gather that data, and in this  
22 case we did.

1                   There were clear warning signs  
2 and concerns and, therefore, an expert panel  
3 was convened based on those concerns to  
4 determine after looking more deeply into the  
5 issue whether or not there was sufficient  
6 information to open up and investigate.

7                   SENATOR HELLER: Any conclusions from  
8 that expert panel?

9                   MR. FRIEDMAN: In that expert panel  
10 the decision was made not to open the  
11 investigation based on a couple of key factors.

12                  The first is that the Cobalt and  
13 Ion did not stand out when it came to airbag  
14 non-deployment complaints compared to their  
15 peers. They were a little bit above average,  
16 but they did not stand out.

17                  Second, in looking at the  
18 detailed crash investigations, the two that  
19 were available at the time, they were  
20 inconclusive as to the cause of airbag  
21 non-deployment.

22                  Airbags are -- Understandably

1 many people expect airbags to deploy in any  
2 frontal crash, for example, but they are  
3 actually designed to only deploy when they will  
4 help the occupant and not cause more harm than  
5 good.

6 SENATOR HELLER: When were those  
7 conclusions made?

8 MR. FRIEDMAN: In 2007, that was the  
9 first time we looked.

10 SENATOR HELLER: Okay. So share with  
11 me what the threshold -- What threshold does  
12 NHTSA use to determine whether a complaint like  
13 this warrants further investigation?

14 MR. FRIEDMAN: Senator, we don't have  
15 a specific threshold; each case is different.

16 In cases where a defect is clear,  
17 all it takes is one, and we will act on that  
18 one case if there is clear evidence of a  
19 defect.

20 If there is not, we look for  
21 further evidence, we look for trends, but we  
22 consciously do not have a specific threshold

1 because each case is different.

2                   If there is a vehicle where only  
3 5,000 are sold per year, and we see one  
4 incident, that may be sufficient to open an  
5 investigation.

6                   If there is a vehicle where there  
7 is 500,000 sold in a year, if there is 1  
8 incident that's a clear defect, we will open.

9                   But if there is a larger number,  
10 and it's not a clear defect trend, we may not  
11 open.

12                  It does depend on the facts of  
13 the case.

14                  SENATOR HELLER: So you're saying in  
15 this particular case that you couldn't tell me  
16 how many additional incidents or reports would  
17 be necessary in order for NHTSA to take further  
18 action?

19                  MR. FRIEDMAN: We rely on a  
20 combination of our engineering expertise, data  
21 indicating whether or not there is a  
22 significant trend, so if the number of

1 complaints had gone up significantly that would  
2 have caused us to act.

3 In fact, what happened when we  
4 looked at this again in 2010, the complaint  
5 rate overall went down.

6 SENATOR HELLER: Okay. I will hold  
7 off for additional questions.

8 Senator Blumenthal.

9 CHAIRMAN McCASKILL: Go ahead.

10 SENATOR BLUMENTHAL: Thank you. Thank  
11 you both for being here, Mr. Friedman and  
12 General Scovel.

13 I, first of all, want to thank  
14 you for your service to our nation and thank  
15 you for your service at NHTSA as Inspector  
16 General and thank you, Mr. Friedman, for your  
17 service at NHTSA.

18 Let me ask you, Mr. Friedman, I  
19 take it from what you said yesterday and what  
20 you say -- what you have said here, is that GM  
21 concealed material significant information from  
22 NHTSA, is that correct?

1                   MR. FRIEDMAN: We are very concerned  
2 that they didn't provide us with sufficient  
3 information of the -- the --

4                   SENATOR BLUMENTHAL: Well, I know you  
5 are concerned; we are all concerned. Did they  
6 conceal information so far as you know?

7                   MR. FRIEDMAN: That is -- that is  
8 exactly the subject of an open investigation  
9 that we have into General Motors, and if we  
10 find that they did violate their  
11 responsibilities to report information and to  
12 act quickly, we will hold them accountable, but  
13 because that's an open investigation -- I don't  
14 want to pre-judge that, but I am very concerned  
15 that they did not provide us with part number  
16 changes.

17                  I'm concerned that they had  
18 conversations with suppliers about the  
19 algorithms, and that we weren't aware of it.

20                  SENATOR BLUMENTHAL: In your view was  
21 the faulty ignition switch a defect?

22                  MR. FRIEDMAN: With what we know now,

1 very clearly it was a defect.

2 SENATOR BLUMENTHAL: Was it a design  
3 defect?

4 MR. FRIEDMAN: I'm not sure -- It was  
5 clearly a defect. It was a defect that  
6 represents an unreasonable risk to safety.

7 The key itself -- and it's --

8 From my understanding of the situation, it's a  
9 combination of factors.

10 The key itself with low torque  
11 could turn, and there is clearly something  
12 about their algorithm that would -- appears to  
13 disable the airbags in that case.

14 That to be honest doesn't make  
15 sense to me because if the vehicle is moving --

16 SENATOR BLUMENTHAL: It would shut off  
17 the car, which in turn would disable the  
18 airbag; is that correct?

19 MR. FRIEDMAN: I don't know if  
20 that's -- We're actually asking them very  
21 specific questions to understand that.

22 Power loss in a vehicle in a

1 crash is not uncommon.

2                   There are capacitors built into  
3 these airbag systems to ensure that they have  
4 power in the case of losing power.

5                   SENATOR BLUMENTHAL: Well, I have -- I  
6 have limited time, so let me just ask you very  
7 directly:

8                   It is your testimony today that  
9 it was a defect?

10                  MR. FRIEDMAN: Based on what we know  
11 now, absolutely.

12                  SENATOR BLUMENTHAL: And defects are  
13 supposed to be reported, correct?

14                  MR. FRIEDMAN: Absolutely.

15                  SENATOR BLUMENTHAL: Let me ask you,  
16 general, I know that you've made various  
17 recommendations about changes and reforms at  
18 NHTSA, and looking at your testimony, I  
19 understand that many of those recommendations  
20 have been made, correct?

21                  MR. SCOVEL: Yes, Senator, the  
22 recommendations have been made.

1                   NHTSA has taken steps to address  
2 nearly all of those.

3                   The most significant one still  
4 outstanding has to do with work force  
5 assessment.

6                   SENATOR BLUMENTHAL: Right. But I  
7 noted that in one of the paragraphs of your  
8 testimony, Page 6, you say:

9                   We believe the enhanced  
10 processes NHTSA put in place to address our  
11 2011 recommendations will put the agency in a  
12 better position to identify and investigate  
13 vehicle safety defects to the extent that ODI  
14 uses and applies these process enhancements  
15 when conducting its analysis and investigation.

16                  The way I interpret that sentence  
17 is you know they said they adopted the  
18 recommendation, but you don't know, in fact,  
19 whether they are doing them.

20                  MR. SCOVEL: Precisely. We don't know  
21 how effective these new process enhancements  
22 will be.

1                   We believe, based on our  
2 assessment of NHTSA's processes as of the 2010,  
3 2011 timeframe, using the Toyota case as a case  
4 study, if you will, assessing NHTSA's processes  
5 and what we recommended to improve those, that  
6 the steps that NHTSA took should help.

7                   Now, are they the silver bullet?

8                   Would they have avoided or prevented any of the  
9 problems that we might see with GM? That we  
10 don't know.

11                  But what we do want to answer now  
12 is the mail from the secretary where he asks us  
13 specifically whether NHTSA acted in an  
14 expeditious and timely manner to identify and  
15 pursue safety defects covered by the GM recalls  
16 and whether NHTSA had and currently has  
17 sufficient resources, processes and data  
18 available to it to fulfill its safety function  
19 with respect to the recall.

20                  So we want to see how it's being  
21 applied.

22                  SENATOR BLUMENTHAL: Are you involved,

1 as you were in Toyota, in a criminal  
2 investigation of GM?

3 MR. SCOVEL: Senator, I can't confirm  
4 or deny that a criminal investigation is  
5 underway. Based on our Toyota experience --

6 SENATOR BLUMENTHAL: You were involved  
7 in the Toyota criminal investigation?

8 MR. SCOVEL: Absolutely. We were  
9 critical to the -- to the criminal  
10 investigation of Toyota.

11 Our agents were identified by  
12 name a couple of weeks ago by the Attorney  
13 General at his press conference where he  
14 announced the forfeiture.

15 And we are -- we have gained a  
16 tremendous amount of expertise in this area.

17 SENATOR BLUMENTHAL: And let me ask  
18 you, finally I'd ask both of you to support the  
19 legislation that Senator Markey and I have  
20 introduced.

21 Are you willing to do so?

22 MR. FRIEDMAN: Senator, I am very open

1 to working with yourself and Senator Markey on  
2 how to make sure that we can best move forward  
3 and how we can improve, and very open to  
4 further discussions on your legislation.

5 MR. SCOVEL: Sir, if I may -- and my  
6 response is a little more complicated, and I'll  
7 apologize in advance.

8 I'm sure you appreciate that as  
9 an inspector general, my presumption is that  
10 more transparency is almost always better than  
11 less.

12 By virtue of the fact that I  
13 serve as DOT Inspector General, by statute and  
14 by executive order, I serve on the Recovery,  
15 Accountability and Transparency Board, the  
16 Government Accountability and Transparency  
17 Board, so transparency is literally our middle  
18 name.

19 However, I am fully cognizant of  
20 the policy factors, the considerations on the  
21 other side, regarding confidential business  
22 information and so forth.

1 SENATOR BLUMENTHAL: Thank you. Thank  
2 you very much.

3 CHAIRMAN McCASKILL: Senator  
4 Klobuchar.

5 SENATOR KLOBUCHAR: Thank you very  
6 much, Madame Chair.

7 Mr. Friedman, maybe you heard  
8 earlier about the case of the three young women  
9 in the car in Wisconsin, two were killed, one  
10 of them was one my constituents, Natasha  
11 Weigel, and following the crash, NHTSA opened  
12 up an investigation and found incidences of  
13 similar ignition switch problems, but was  
14 unable to determine what was causing the  
15 problem.

16 The report found that -- this is  
17 a quote: "Such a determination would most  
18 likely require an analysis of the airbag system  
19 to determine if, in fact, the airbag is capable  
20 of deploying when the ignition is switched from  
21 the on position to the accessory position.  
22 Such an undertaking is beyond the scope of this

1 investigation."

2                   Mr. Friedman, do you think that  
3 this report should have raised enough red flags  
4 to trigger further investigations into this  
5 question?

6                   MR. FRIEDMAN: This report was one of  
7 the pieces of information that did raise  
8 concerns and that the panel did consider.

9                   At that time our understanding of  
10 airbags indicated that, first of all, power  
11 loss in a crash was not uncommon and that  
12 airbag systems were designed to be able to  
13 function in those circumstances.

14                  Based on that expertise and based  
15 on the information we had available it was  
16 determined that it wasn't sufficient  
17 information to open up at the time.

18                  This is, frankly, one of the  
19 clear lessons that we are learning from this, a  
20 lesson that clearly comes too late, that we  
21 needed to question that assumption, and, going  
22 forward, one of the things that I have talked

1 to my staff about and that we are looking at is  
2 how can we better consider remote defect  
3 possibilities, how can we better integrate  
4 these special crash investigations even  
5 further.

6 They are already part of the  
7 process, but how do we better integrate them  
8 into this process.

9 This was a tragedy that --

10 SENATOR KLOBUCHAR: And this report I  
11 think was -- the crash was one of the first  
12 where they barreled 71 miles per hour into a  
13 grove of trees, it was one of the first to be  
14 linked to the faulty ignition switch.

15 So do you think if you had  
16 something better in place there is a potential  
17 for trying to prevent these tragedies in the  
18 future?

19 MR. FRIEDMAN: Well, that is without a  
20 doubt my goal.

21 One of the challenges in this  
22 specific instance was that, as you noted, the

1 vehicle hit trees.

2                   The first set of trees that it  
3 hit was kind of a softer strike with an  
4 unbelted occupant, which is the exact kind of  
5 condition where airbags are often -- are  
6 designed to often not deploy, because if the  
7 driver or passenger is moving forward as the  
8 airbag is expanding, sadly it could do more  
9 harm than good.

10                  More than 200 lives had been lost  
11 previously because of that challenge.

12                  And so our understanding of the  
13 system indicated that under those conditions,  
14 the conditions of the crash were the more  
15 likely reason for non-deployment, but, clearly,  
16 as I said, we need to relook at our assumptions  
17 and relook at our understanding of these  
18 systems, and we are actively doing that.

19                  We are -- we are talking to  
20 automakers to understand -- to better  
21 understand their algorithms and if there is a  
22 problem out there.

1 SENATOR KLOBUCHAR: Investigators as  
2 you know are still gathering the recall data  
3 and records to understand what actually  
4 happened here with GM, but based on the records  
5 we have so far, one thing we know is that NHTSA  
6 is very dependent on the automobile companies  
7 for the data and the context that's needed to  
8 tell whether something is, in fact, an isolated  
9 event or a dangerous trend or a defect.

10 Is it your view that NHTSA has to  
11 rely too heavily on auto manufacturers to get  
12 this information?

13 MR. FRIEDMAN: Senator, we rely on  
14 auto manufacturers for some information, but we  
15 also have significant resources of information  
16 that have nothing do with automakers.

17 One of the most important pieces  
18 of our database are consumer complaints.

19 Right now we get about 45,000 of  
20 those a year, which we look through each and  
21 every one.

22 I would like to see that number

1 grow.

2                   We have plans and efforts  
3 underway to try and get more and more consumers  
4 when they see problems to report them to us.

5                   There is added data that we get  
6 from automakers, and we do use that as part of  
7 the process.

8                   I don't think we're too dependent  
9 on them, because we try to make sure, and in  
10 this case we did rely on our expertise and our  
11 data as part of the process.

12                  SENATOR KLOBUCHAR: In other words,  
13 you got about 260 complaints about the faulty  
14 ignition, is that about right?

15                  MR. FRIEDMAN: I believe that's one of  
16 the numbers that was reported on the ignition  
17 switch.

18                  At the time what we were trying  
19 to understand, what we were looking at, was  
20 airbag non-deployments.

21                  At the time we did not have the  
22 information directly linking it.

1 SENATOR KLOBUCHAR: You didn't know --  
2 Well, I know we're going to find all this out,  
3 I hope very soon, but you didn't know that it  
4 was about ignition switches, you just thought  
5 it was some -- you were looking at the airbags  
6 instead of the --

7 MR. FRIEDMAN: At the time our focus  
8 was trying to understand why airbags may not  
9 have been deployed.

10 There was -- There were these  
11 added complaints about ignition switches, or  
12 stalling.

13 I believe the 260 number may have  
14 been all stalling complaints. I would have to  
15 check on that to be sure.

16 It's not clear that all of those  
17 were related to the ignition switch. There are  
18 many causes of stalls.

19 SENATOR KLOBUCHAR: Did the airbags  
20 not deploy because it was not a traditional  
21 crash right away, it just shut down, so then  
22 the airbags don't deploy?

1                   MR. FRIEDMAN: The dynamics of these  
2 crashes to the investigators, to our crash  
3 investigators, indicated that that was the more  
4 likely reason.

5                   But it's very possible now that  
6 we know what we know, that the ignition switch  
7 being in the accessory position was the  
8 problem.

9                   We now have that definitive link  
10 from General Motors, a link that if we had had  
11 earlier, we would have been able to act.

12                  SENATOR KLOBUCHAR: Mr. Scovel, you  
13 looked like you wanted to respond.

14                  MR. SCOVEL: Yes, thank you. Thank  
15 you, Senator.

16                  I have something that may help  
17 the committee understand this point, too, and I  
18 have in front of me a copy of the special crash  
19 investigation report that I know you are  
20 referring to, Senator, because you read from  
21 the last sentence or two of the -- of the main  
22 paragraph on Page 7.

1                   It's encouraging to hear the  
2 administrator talk about re-examining  
3 processes, and specifically he used the term  
4 integrating special crash investigation  
5 reports, because we clearly need to understand --  
6 we, my office, need to understand how the  
7 agency intends to do that, because we've  
8 identified that on the basis of certainly this  
9 one piece of evidence that you've cited as a  
10 key concern.

11                  The administrator has spoken to  
12 at least the preliminary finding or assessment  
13 that the airbags didn't deploy because of the  
14 nature of the impact against softly yielding  
15 trees.

16                  In fact, the expert engineers  
17 conducting the special crash investigation  
18 about a year later submitted an amendment to  
19 the report that removed that as their initial  
20 assessment and said that they couldn't tell  
21 whether it might be that or it might be the  
22 loss of power through the ignition system, but

1 then such an undertaking was beyond the scope  
2 of the investigation, and they pointed out that  
3 it would require further analysis.

4 SENATOR KLOBUCHAR: So they actually  
5 looked at maybe they were wrong and it may have  
6 been the ignition switch and --

7 MR. SCOVEL: Right. Right.

8 SENATOR KLOBUCHAR: But that's not  
9 what they were asked to investigate, is that  
10 what it is?

11 MR. SCOVEL: It's --

12 SENATOR KLOBUCHAR: It seems so  
13 strange, wouldn't you want to --

14 MR. SCOVEL: It does, but it's  
15 properly beyond the scope of how NHTSA has laid  
16 out what it wants to get from a special crash  
17 investigation.

18 SENATOR KLOBUCHAR: Okay. Is there a  
19 way you could change that where you say we  
20 don't know what happened here, this is very odd  
21 that these girls were just driving down the  
22 road and suddenly they 71 miles-per-hour surge

1 into some trees? I mean --

2 MR. SCOVEL: Well, part of --

3 MR. FRIEDMAN: The purpose of special  
4 crash investigations is to better understand  
5 the circumstance of crashes of interest.

6 We were very concerned about  
7 airbag non-deployments, which is exactly why we  
8 were having special crash investigators go out  
9 and gather data and information on these  
10 crashes.

11 I do believe that that is a good  
12 process, that is the right process.

13 We also make sure that the  
14 special crash investigators and ODI talk to  
15 each other.

16 It is the job of the  
17 investigators to try to understand whether or  
18 not there is a defect, so SCI is a great tool  
19 for gathering the data, but we then also need  
20 our experts engaged in the process to translate  
21 and understand that data.

22 SENATOR KLOBUCHAR: Okay. I have one

1 last call on the recall process -- one last  
2 question, if that's all right.

3 Manufacturers can voluntarily  
4 initiate recalls without waiting for NHTSA to  
5 order it, or NHTSA can order manufacturers,  
6 right --

7 MR. FRIEDMAN: That's correct.

8 SENATOR KLOBUCHAR: -- to initiate a  
9 recall; however, if they're going to do that,  
10 if they're actually going to order one, they  
11 need this lengthy process that includes holding  
12 a public hearing, completing the investigation,  
13 giving the manufacturer time to file a detailed  
14 response, and perhaps even defending a recall  
15 in federal court.

16 Mr. Friedman, by taking so long  
17 to order a recall here, the recall of these  
18 cars which seem to be rolling out a different  
19 one every day, are we shortchanging Americans  
20 and jeopardizing safety?

21 And, in other words, when lives  
22 are at stake and when manufacturers may be

1      reluctant, as appears to be in this case, to  
2      initiate a recall -- if you go back through  
3      time on their own -- is the length of time for  
4      NHTSA to order a recall a problem?

5                    MR. FRIEDMAN: Senator, the good news  
6      here is that we very, very rarely ever have to  
7      go that length.

8                    We are actually potentially  
9      involved in such a situation with a car seat  
10     manufacturer who has resisted moving forward  
11     with some infant seats, but the vast majority  
12     of the time, almost every single time the  
13     industry does act, but sometimes it does take  
14     extra pressure.

15                  What I would like to see,  
16     frankly, is when we provide evidence to an  
17     automaker that there is a defect that they act  
18     right away.

19                  I would like to see quicker  
20     action from automakers, but to be clear, the  
21     vast majority of the time we do not have to go  
22     through that whole process; we can get the

1 recalls much earlier in the process, and we  
2 very often do.

3 SENATOR KLOBUCHAR: Thank you.

4 CHAIRMAN McCASKILL: Mr. Friedman,  
5 first, do you monitor the legal claims against  
6 manufacturers?

7 MR. FRIEDMAN: The legal claims are  
8 one of the pieces of information that does come  
9 into NHTSA through the early warning system,  
10 through our early warning data system; however,  
11 depending on the -- where those claims are in  
12 the process in terms of litigation, whether or  
13 not that litigation or the findings are sealed,  
14 we may not have all the access to that  
15 information.

16 CHAIRMAN McCASKILL: So but you're  
17 monitoring -- It's very easy to find -- I mean,  
18 I could go on my iPad right now and Google  
19 lawsuits against General Motors and pull up  
20 hundreds of them I'm sure in fairly quick  
21 order.

22 Do you all do that, so you know

1 if a complaint's been filed on a defect on an  
2 automobile?

3                   Because what I'm trying to do is  
4 harness the great work that clearly is going  
5 on, since it was a lawyer who figured this out,  
6 harness that work for your agency, and I don't  
7 get the sense that you all are paying that  
8 close of attention to these cases.

9                   MR. FRIEDMAN: Well, we are paying  
10 very close attention to these cases.

11                  We -- we get death and injury  
12 reports, which includes claims, unsubstantiated  
13 claims in some cases, associated with these  
14 vehicles.

15                  So we -- we get those reports,  
16 and when we see some that raise concern, we do  
17 reach out and ask for additional details.

18                  In this case with the Cobalt and  
19 other vehicles, if my number is correct, I  
20 believe we reached out 98 times to follow up on  
21 various claims, death and injury claims,  
22 associated with these vehicles.

1                   We looked at that data and that  
2 information as part of that process.

3                   I -- I have --

4                   CHAIRMAN McCASKILL: So I would be  
5 interested to know the specifics of that, those  
6 98 claims, when you looked at them, how many of  
7 them had been settled, how many of them were  
8 tried, how many went to a jury verdict, what  
9 were the verdicts, if you actually did that, I  
10 would like to see that documentation.

11                  My next question is if you look  
12 and you find one of those cases that's been  
13 settled and it's confidential, do you have the  
14 legal authority to ask that manufacturer to  
15 give you the details of that lawsuit?

16                  MR. FRIEDMAN: I don't know the exact  
17 details of our legal authority.

18                  I do know that, for example, if  
19 it hasn't been sealed, depending on the case,  
20 we can ask for additional information.

21                  CHAIRMAN McCASKILL: Let's assume it's  
22 been sealed. Let's assume that General Motors

1 or Toyota or Chrysler, any of them, insist that  
2 they will not settle with the client, with the  
3 victim, unless there is an agreement of  
4 confidentiality.

5                   Do you have the ability,  
6 independent of the confidentiality between the  
7 victim and the defendant, do you have the  
8 ability to go directly to the defendant and get  
9 that information?

10                  MR. FRIEDMAN: I will have to verify  
11 with my team, but I do not believe we have the  
12 ability to request sealed documents.

13                  I also --

14                  CHAIRMAN McCASKILL: You have  
15 subpoenas. You can subpoena, right?

16                  MR. FRIEDMAN: Thank you. Yes.

17                  CHAIRMAN McCASKILL: Okay. That  
18 worries me you didn't know.

19                  MR. FRIEDMAN: It worries me as well.

20                  CHAIRMAN McCASKILL: So how often have  
21 you utilized the subpoena power of NHTSA to get  
22 more information from automobile manufacturers?

1                   MR. FRIEDMAN: That's something I will  
2 definitely get back to you on the record.

3                   CHAIRMAN McCASKILL: Okay. I would be  
4 very interested in that.

5                   And then, finally, I am a little  
6 worried about this whole deployment of airbags,  
7 power on, power off.

8                   As you have said, your testimony  
9 said, that you believe the specifications were  
10 that if the power was off, the airbag would  
11 still deploy.

12                  We are now learning that the  
13 reason the airbag didn't deploy is because the  
14 power was off.

15                  This is a problem.

16                  MR. FRIEDMAN: Well, and it may even  
17 be more complicated than that actually, and  
18 that's one of the questions that we actually  
19 have in our timeliness query to General Motors.

20                  It is possible that it is not  
21 simply that the power was off, but a much more  
22 complicated situation where the very specific

1 action of moving from on to the accessory mode  
2 is what didn't turn off the power, but may have  
3 disabled the algorithm.

4 That to me, frankly, doesn't make  
5 sense from my perspective.

6 If a vehicle -- certainly if a  
7 vehicle is moving the airbag algorithm should  
8 require those airbags to deploy.

9 Even if the -- even if the  
10 vehicle is stopped and you turn from on to  
11 accessory, I believe the airbags should be able  
12 to deploy, so it --

13 This is exactly why we're asking  
14 General Motors this question, to understand is  
15 it truly a power issue or is there something  
16 embedded in their algorithm that is causing  
17 this, something that should not have been there  
18 in their algorithm.

19 CHAIRMAN McCASKILL: Yeah. Well, it's  
20 pretty important we figure that out, and then  
21 what you need to do is you need to look across  
22 the entire manufacturing spectrum --

1 MR. FRIEDMAN: We've already begun.

2 CHAIRMAN McCASKILL: -- on this issue  
3 because either an airbag is dependent on power  
4 or it isn't, and if it is dependent on power,  
5 we've got an issue.

6 MR. FRIEDMAN: Yes, Senator, in fact,  
7 I've already directed my staff several days --  
8 well, at least days if not more than a week  
9 ago, when we were -- as we were digging into  
10 this, to reach out to automakers and to  
11 suppliers, because I have the same concern you  
12 have.

13 And I want to make sure that we  
14 fully understand this issue so that Americans  
15 driving around on our roads are safe. Safety  
16 must always be our top priority.

17 CHAIRMAN McCASKILL: Okay. Senator  
18 Heller.

19 SENATOR HELLER: Thank you.

20 Mr. Friedman, how long have you  
21 been the acting director?

22 MR. FRIEDMAN: I have been the acting

1 administrator just over two months.

2 SENATOR HELLER: What was your prior  
3 experience with NHTSA?

4 MR. FRIEDMAN: Prior to that I was the  
5 deputy administrator for about eight months.

6 SENATOR HELLER: Okay. Anything prior  
7 to that with NHTSA?

8 MR. FRIEDMAN: Prior to that I worked  
9 for a non-profit organization, and we engaged  
10 on fuel economy and fuel economy and  
11 safety-related issues where they overlapped. I  
12 worked there for about --

13 SENATOR HELLER: I'm just trying to  
14 get your history with NHTSA. All right.

15 Probably one of the biggest  
16 complaints I get when I go home talking to  
17 businesses and companies is, you know,  
18 government interference and the strong hand of  
19 government themselves and some of the  
20 regulations.

21 Could you describe to me what the  
22 relationship between NHTSA and GM has been in

1 the past?

2 MR. FRIEDMAN: Our relationship has  
3 been a relationship you'd expect between a  
4 regulator and a regulated entity.

5 Our -- our goal, as part of that  
6 relationship, is to ensure that we are catching  
7 any defects involved, that we are discussing  
8 with them possible safety technologies, and  
9 that we are ensuring that they are providing  
10 information to us, and we are raising concerns  
11 to them when appropriate.

12 SENATOR HELLER: Are you comfortable  
13 with the relationship?

14 MR. FRIEDMAN: I would like to see  
15 from all automakers increased efforts to be  
16 responsive when NHTSA reaches out on -- on  
17 defects issues.

18 I would like to -- to have the  
19 confidence that they are all sharing all the  
20 information that they have.

21 SENATOR HELLER: Do you have that  
22 confidence today?

1                   MR. FRIEDMAN: I think clearly the  
2 Toyota case indicates that no, I should not  
3 fully have -- have that confidence because that  
4 is a clear case where, in fact, there was a  
5 part number change, a part change, that was not  
6 revealed.

7                   It's also one of the reasons why  
8 I'm concerned in this case, and one of the  
9 reasons why we have opened an investigation  
10 into the automakers.

11                  In fact, over the last five years  
12 we have issued record fines against automakers,  
13 not just Toyota, but Ford as well and at least  
14 one other manufacturer, because we were  
15 concerned that they did not act properly under  
16 the law, and they didn't -- we found that they  
17 did not act properly under the law.

18                  SENATOR HELLER: Is the Secretary of  
19 Transportation consulted with decisions  
20 regarding its investigations?

21                  MR. FRIEDMAN: That's -- that's a very  
22 broad question. In terms of -- there are some

1 investigations that the Secretary of  
2 Transportation is made aware of, but certainly  
3 in the defects assessment panels or the defects  
4 panels, the Secretary of Transportation is not  
5 involved in that decision making process, no.

6 SENATOR HELLER: Was he involved in  
7 this one?

8 MR. FRIEDMAN: No.

9 SENATOR HELLER: He was not.

10 MR. FRIEDMAN: No. And just to be  
11 clear, there were -- there were -- there was a  
12 panel that happened in 2007, that's -- that's  
13 the panel that we're discussing, and absolutely  
14 not.

15 SENATOR HELLER: Was anyone in the  
16 secretary's office consulted?

17 MR. FRIEDMAN: No.

18 SENATOR HELLER: Let me ask you  
19 another question.

20 Did any -- did any government  
21 official, outside the Department of  
22 Transportation, consult or provide input on

1 the decision not to move forward in 2007 or  
2 2010?

3 MR. FRIEDMAN: Not that I am aware of,  
4 no, that would not be our standard process.

5 SENATOR HELLER: Mr. Scovel, let me  
6 ask you the same question:

7 In your investigation did you  
8 check to see, or was that part of your broad  
9 scope of things, to find out what influence may  
10 or may not have occurred in 2007, 2010?

11 MR. SCOVEL: Senator, it was not part  
12 of the audit that we conducted in the 2010-2011  
13 timeframe, which was prompted most immediately  
14 by the Toyota problems.

15 Going forward I can tell you that  
16 in the current audit, which the secretary has  
17 requested us to do, we will be looking at  
18 everything that NHTSA knew, what it didn't  
19 know, when it knew it, and what actions it took  
20 in response to that.

21 Should we come across any  
22 documentation, and our auditors are trained and

1 will be instructed to be on the lookout for  
2 such -- such matters, we will take them --

3 SENATOR HELLER: Including --

4 MR. SCOVEL: -- under cognizance and  
5 we will refer them to the proper authorities.

6 SENATOR HELLER: Including other  
7 government influence on decision making  
8 process?

9 MR. SCOVEL: Yes, sir.

10 SENATOR HELLER: Very good. Thank  
11 you, Mr. Chairman.

12 CHAIRMAN McCASKILL: I want to thank  
13 both of you for being here today. I think  
14 we've had a productive day and have learned a  
15 lot, and there will be follow-up hearings and  
16 we'll be calling on you particularly,  
17 Mr. Friedman, to give us more information as  
18 your investigation continues.

19 Thank you both.

20 MR. FRIEDMAN: Thank you.

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(Which were all the proceedings on the videotaped recording.)

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1 STATE OF ILLINOIS )  
2 ) SS.  
2 COUNTY OF LASALLE )

3 I, Christine M. Vitosh, a Certified Shorthand  
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